

appropriation for the Naval Observatory which would curtail its everyday and fundamental usefulness; to the Committee on Appropriations.

441. Also, petition of Baugh & Sons Co., M. L. Shoemaker & Co., Inc., P. Mealey Sons, Charles R. Shoemaker, Inc., Mutual Rendering Co., Enterprise Tallow & Grease Co., Independent Manufacturing Co., Consolidated By-Products Co., and the American Rendering Co., all of Philadelphia, Pa., urging a duty of 5 cents per pound on all imports of animal, marine, and vegetable oils and fats, and upon the oil content of imported raw materials from which such oils are processed in the United States; to the Committee on Ways and Means.

442. By the SPEAKER: Petition of the Allied Smoke and Noise Elimination Committee of Richmond Hill, N.Y., relative to legislation for mortgage relief; to the Committee on Banking and Currency.

443. Also, memorializing Congress to pay the expenses of Minus Mitchell for appearing in the municipal court of Wilmington, Del., on November 4, 1932; to the Committee on Accounts.

444. Also, memorial of Old Glory Post, No. 2044, Veterans of Foreign Wars of the United States, memorializing the President to use the utmost care and consideration in the cases of service-connected disability cases, the aged, and infirm; to the Committee on World War Veterans' Legislation.

## SENATE

TUESDAY, APRIL 11, 1933

The Chaplain, Rev. Zeb Barney T. Phillips, D.D., offered the following prayer:

Almighty God, whose most dear Son went not up to joy but first He suffered pain, and entered not into glory before He was crucified, give us this day a clearer vision of the meaning of the cross, as its shadow falls athwart the pathway of our earthly pilgrimage.

Grant unto these Thy servants, folded together in the bonds of fellowship and dedicated to a common purpose, that they may become true interpreters of the mind of Christ in whatsoever way Thou deemest best. Come to us now through the silence; and though duty bids us shun the lonely way, draw near us in the crowd and speak to our souls, above the tumult, words of forgiveness, power, and cleansing, for the sake of One who at this hour hung upon the cross that all mankind might find in Him the way of life and peace. Amen.

### THE JOURNAL

The VICE PRESIDENT. The clerk will read the Journal. The Chief Clerk proceeded to read the Journal of the proceedings of Monday, March 13, 1933, when, on request of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to a concurrent resolution (H.Con.Res. 15) providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles, in which it requested the concurrence of the Senate.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Caraway	Dickinson
Ashurst	Borah	Carey	Dieterich
Austin	Bratton	Clark	Dill
Bachman	Brown	Connally	Duffy
Bailey	Bulkley	Coolidge	Erickson
Bankhead	Bulow	Copeland	Fess
Barbour	Byrd	Costigan	Fletcher
Barkley	Byrnes	Couzens	Frazier
Black	Capper	Cutting	George

Glass	Logan	Overton	Stephens
Goldsborough	Loneragan	Patterson	Thomas, Okla.
Gore	Long	Pittman	Thomas, Utah
Hale	McAdoo	Pope	Townsend
Harrison	McCarran	Reed	Trammell
Hatfield	McGill	Reynolds	Tydings
Hayden	McKellar	Robinson, Ark.	Vandenberg
Johnson	McNary	Robinson, Ind.	Van Nuys
Kean	Metcalf	Russell	Wagner
Kendrick	Murphy	Schall	Walcott
Keyes	Neely	Sheppard	Walsh
King	Norbeck	Shipstead	Wheeler
La Follette	Norris	Smith	White
Lewis	Nye	Stelwer	

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is absent on account of illness.

Mr. FESS. I wish to state that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

### CLAIM OF THE KORBER REALTY, INC.

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States, transmitting, pursuant to law, his report and recommendation concerning a claim of the Korber Realty, Inc., Albuquerque, N.Mex., under lease dated April 28, 1931, for \$500, which, with the accompanying report, was referred to the Committee on Claims.

### FUNCTIONS OF THE COMMISSION OF FINE ARTS (S.DOC. NO. 20)

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Commission of Fine Arts, submitting, pursuant to Senate Resolution 351, Seventy-second Congress, a report of the functions under the jurisdiction of the Commission, the statutory authority therefor, and the total annual expenditures thereon for the latest complete fiscal year wherever practicable or part thereof as indicated, which, with the accompanying papers, was ordered to lie on the table and to be printed.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the Territory of Hawaii, which was referred to the Committee on Post Offices and Post Roads:

#### Concurrent resolution

Whereas a delegation of the Senate and of the House of Representatives of the Legislature of the Territory of Hawaii, regular session of 1933, visited Kalaupapa, on the island of Molokai, on March 29; and

Whereas this visit has forcibly impressed upon said senators and representatives the urgent necessity of improvement of the government roads, both from an economical standpoint and from the standpoint of the unfortunate inhabitants of this settlement: Now, therefore, be it

*Resolved by the Senate of the Legislature of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring).* That the Delegate to Congress from Hawaii be, and he is hereby, respectfully requested to secure \$100,000 Federal aid for the roads of Kalaupapa, island of Molokai.

#### THE SENATE OF THE TERRITORY OF HAWAII.

Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on March 30, 1933.

GEO. P. COOKE,

President of the Senate.

ELLEN D. SMYTHE,

Clerk of the Senate.

#### THE HOUSE OF REPRESENTATIVES OF THE TERRITORY OF HAWAII.

Honolulu, Hawaii, March 30, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on March 30, 1933.

HERBERT N. AHUNO,

Speaker, House of Representatives.

EDWARD WOODWARD,

Clerk, House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by members of the Irish-American Independent Political Unit, No. 6, Inc., of Brooklyn, N.Y., protesting against the ratification of the World Court protocols by the Senate, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Bergenfield Democratic Club, of Bergenfield, N.J., thanking



and felicitating the President and Congress for "their efforts for a government based on justice, equality, prosperity, and happiness for all", which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the board of supervisors of Du Page County, Ill., endorsing the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day, which was ordered to lie on the table.

Mr. KING presented the petition of the relief commission of the Mount Pleasant Congregational Church and sundry citizens of the District of Columbia, praying that appropriation be made of sufficient funds to provide adequate relief to destitute residents of the District of Columbia, which was referred to the Committee on Appropriations.

Mr. ROBINSON of Arkansas presented a letter from John T. Bailey, member of the Oklahoma Tax Commission, Oklahoma City, Okla., relating to the preservation of State banks, which, with the accompanying paper, was referred to the Committee on Banking and Currency.

He also presented a letter from E. B. Coolidge, of Great Falls, Mont., in relation to the banking system, which was referred to the Committee on Banking and Currency.

He also presented a letter from J. W. Hawkins, of Shreveport, La., in relation to the reorganization of the banking system and the management of banks, which was referred to the Committee on Banking and Currency.

He also presented a telegram in the nature of a memorial from Solon Humphreys, president of the Arkansas Building & Loan League, Little Rock, Ark., remonstrating against the adoption of an amendment to the so-called "securities bill" exempting mutual building and loan associations, which was referred to the Committee on Banking and Currency.

Mr. COPELAND presented a resolution adopted by Old Glory Council, American Association for the Recognition of the Irish Republic, of Brooklyn, N.Y., favoring insistence by the United States on the full and prompt payment of all indebtedness to this Government by European nations, which was referred to the Committee on Finance.

He also presented a resolution adopted by the Westend Republican Club, of Queens County, N.Y., protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Westend Republican Club, of Queens County, N.Y., favoring the appointment of a congressional committee to investigate expenditures by alien and native agents to create propaganda tending toward the breaking down and overthrow of the Government of the United States, which was referred to the Committee on Foreign Relations.

He also presented the petition of the congregation of Temple Beth-El, of Great Neck, N.Y., praying for action by the Government of the United States to demonstrate to the German Government a sense of outrage and moral indignation at the distress and alleged persecution of the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Abraham Miller Association, Inc., of Brooklyn, N.Y., protesting against alleged atrocities perpetrated against the Jews in Germany and appealing to the Government to take necessary steps in the premises, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Lady Superior Association at Encampment Temple, New York City, N.Y., favoring the passage of the so-called "Copeland-Dickstein bill", removing the remaining discriminations against women in nationality, etc., which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Buffalo (N.Y.) Youth Peace Committee, protesting against the further construction of dirigibles by the Government and the expenditure of moneys for armament, and also favoring the abandonment of the *Macon* before it is put into commission, which was referred to the Committee on Naval Affairs.

#### APPROPRIATIONS FOR AGRICULTURAL EXTENSION WORK

Mr. BARBOUR. Mr. President, I request unanimous consent to have set forth in full in the RECORD and appropriately referred the telegram which I hold in my hand, from Mr. H. J. Baker, the director of extension service of the New Jersey Agricultural College.

This message is inspired by the report or rumor that the Federal annual appropriation for the support of agricultural extension work, the agricultural experiment station, and the agricultural college in New Jersey is to be discontinued. And I am anxious thus to bring to the attention of the Senate this serious menace to our State in this respect.

There being no objection, the telegram was referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NEW BRUNSWICK, N.J., April 8, 1933.

Hon. W. W. BARBOUR,

United States Senate, Washington, D.C.:

Our county agricultural agent in Monmouth County, Mr. Douglass, tells me he saw you last night and that you wish to have a statement of the amount of Federal money coming to New Jersey annually for the support of agricultural extension work, the agricultural experiment station, and the agricultural college. The Federal appropriations for New Jersey for this fiscal year are as follows: For the extension service, \$138,000; for the experiment station, \$90,000; for the college of agriculture, \$50,000. To have these funds entirely eliminated would necessitate the abandonment of a large amount of important research and practically eliminate the extension service, and would mean the dismissal of a large number of our scientifically trained staff, seriously hampering the work of our existing agricultural institutions at a time when agriculture is in distress. This would be a calamity. The emergency relief to agriculture can function most effectively by maintaining and strengthening the extension service and the scientific staff of our agricultural college and experiment stations. Loss of Federal appropriations might also result in the loss of State and county appropriations, thereby entirely eliminating these institutions. Your support in maintaining these Federal funds will be a great service to the State and Nation.

H. J. BAKER,

Director of Extension Service,  
New Jersey Agricultural College.

#### REMONETIZATION OF SILVER

Mr. WHEELER presented a communication from the Wallace (Idaho) Board of Trade, embodying a memorial addressed by that body to the Chamber of Commerce of the United States, which was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

WALLACE, IDAHO, March 16, 1933.

The Wallace (Idaho) Board of Trade bespeaks your earnest consideration of the memorial presented herewith with respect to the remonetization of silver. If your views agree with ours, we request that you so inform the United States Chamber of Commerce, particularly stressing the necessity of action at the Washington, D.C., meeting of the national board next May.

We further presume upon your interest in silver to suggest that you inform your Senators and Representatives in Congress of any action that your body may take.

It is our opinion that inflation must come if we are to secure fair living prices for our raw commodities; that is, for the primary source of all wealth—the products of the farms, the forests, and the mines. There are but three methods of inflation:

- (a) The issuance of fiat money.
- (b) The deflation of gold.
- (c) The remonetization of silver.

The issuance of fiat money is fraught with so many dangers which have been demonstrated in the past that the use of this method at the present time is unthinkable. The devaluation of gold will lead to endless legal complications, and produce two kinds of instruments—those payable in gold of the old standard of fineness and those payable at the new standard of fineness.

It seems to us, therefore, that the remonetization of silver is the only safe method of providing a more adequate metallic basis for our monetary system.

Yours very truly,

WALLACE (IDAHO) BOARD OF TRADE,  
By LEO J. HOBAN,  
HENRY L. DAY,  
M. J. FLOHR,  
Committee.

[Memorial]

To the Chamber of Commerce of the United States:

We, your memorialists, the Board of Trade of Wallace, Idaho, during the regular session of March 8, 1933, passed without dissenting vote, and now most respectfully present, the following petition, preamble, and resolutions, to wit:



"Whereas our beloved country, the United States of America, emerged from the terrible World War in 1918 the richest, best-equipped, most powerful, and most enterprising nation on earth; and

"Whereas this situation has been reversed within a short period, and our country is now in the throes of unemployment, suffering, bankruptcy, and ruin unparalleled in her history. Thirteen million or more wageworkers of the Nation are now unemployed, millions more are working part time and at greatly reduced wages and salaries. Mortgages on thousands of farms have been foreclosed and the farmers driven from their lands. Social and industrial distress is rampant throughout the land. These facts are of common knowledge; and

"Whereas these appalling conditions are steadily becoming more severe and the distress of our people more general, and it is evident that ways and means must be speedily provided to rehabilitate the commerce of the Nation if general bankruptcy, ruin, and anarchy are to be avoided; and

"Whereas the relief measures heretofore taken have proven to be either failures or at best only palliatives; the Nation now faces the possible bankruptcy of many railroads, which in turn will react on insurance companies, savings and loan associations, and other fiduciary organizations, corporations, companies, firms, and individuals which have invested in railroad stocks and bonds; and

"Whereas 60 years' experience with the single gold standard has culminated in the present national financial distress, unparalleled in the history of our country; our entire commercial structure of uncounted billions being now pyramided upon a scant \$4,000,000,000 of gold hidden in the vaults and hoarded in the homes; and

"Whereas the failure of the single gold standard is emphasized by the action of the Secretary of the Treasury in forcing into the United States Treasury all the gold bullion, gold coins, and gold certificates now in the possession of corporations and individuals in the United States, and offering in payment therefor only 'debt' money; that is, currency backed by Government obligations, the interest-bearing promises of the United States to pay; and

"Whereas it is universally conceded that the lost buying power of the people must be restored if a cataclysm is to be avoided; and

"Whereas, in the judgment of your memorialists, there is only one way to afford the immediate relief demanded, and that is by the prompt remonetization of silver in the United States. This action would compel an honest and orderly inflation of wages, salaries, prices, and rates so urgently required; it would, in addition, carry no interest charge, as is done by the flood of paper currency based on debt, with which the Federal Reserve banks are being inundated. It would valorize the bonds of those countries of North, South, and Central America which are now so badly depreciated. It would increase the buying power by fivefold of one half the human race residing in Asia and would tend to restore the world's trade equilibrium now so badly unbalanced: Now, therefore, in order that we may avert further catastrophe, the magnitude of which no man can foresee, be it

*Resolved by the Wallace (Idaho) Board of Trade*, That we most respectfully urge the Chamber of Commerce of the United States to immediately demand that Congress remonetize silver and that a law be enacted providing for the free and unlimited coinage of silver on a fixed ratio to gold, and in the manner established for the coinage of gold, and providing that a gold dollar consisting of 25.8 grains of gold nine tenths fine and a silver dollar consisting of 412½ grains of silver nine tenths fine shall be the standard unit of value and shall be full legal tender in the legal payment of all debts, public and private, and that all forms of money issued or coined by the United States of America shall be maintained at a parity of value with this standard, and that it shall be the mandatory duty of the Secretary of the Treasury to maintain such parity; and be it further

*Resolved by the Wallace (Idaho) Board of Trade*, That we most respectfully urge the United States Chamber of Commerce to endorse Senate bill 2487, providing for the free and unlimited coinage of silver at the ratio of 16 to 1 and introduced in the United States Senate by Hon. BURTON K. WHEELER, United States Senator from the State of Montana, on January 4, 1932, as we believe the passage of this bill will be the quickest and best way of giving relief to our distressed people and retrieving, insofar as possible, the tremendous loss and damage already incurred; and be it further

*Resolved*, That this memorial be made a subject for discussion at the annual meeting in May 1933 of the United States Chamber of Commerce at Washington, D.C."

The VICE PRESIDENT. Reports of committees are in order.

#### REPORT OF THE COMMITTEE ON IRRIGATION AND RECLAMATION

Mr. BRATTON, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund, reported it with an amendment and submitted a report (No. 22) thereon.

#### REPORTS OF THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report sun-

dry resolutions and ask unanimous consent for their immediate consideration.

Mr. NORRIS. Mr. President, let me ask the Senator if he will not allow us to get through with the routine morning business before he asks for the consideration of the resolutions reported by him?

Mr. BYRNES. They are merely formal resolutions, I will say to the Senator, and will take no time.

Mr. NORRIS. Very well.

The VICE PRESIDENT. The Senator from South Carolina asks unanimous consent for the immediate consideration of certain resolutions reported by him from the Committee to Audit and Control the Contingent Expenses of the Senate. Is there objection? The Chair hears none, and the clerk will read the first resolution so reported.

#### HEARINGS BEFORE COMMITTEE ON PUBLIC LANDS AND SURVEYS

The resolution (S.Res. 39) submitted by Mr. KENDRICK on March 21, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Public Lands and Surveys, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not to exceed 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

#### HEARINGS BEFORE THE COMMITTEE ON THE JUDICIARY

The Senate proceeded to consider the resolution (S.Res. 40) submitted by Mr. KING on March 22, 1933, which had been reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate with an amendment, in line 6, before the word "cents", to strike out "20" and insert "25", so as to make the resolution read:

*Resolved*, That the Committee on the Judiciary, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

The amendment was agreed to.

The resolution as amended was agreed to.

#### HEARINGS BEFORE COMMITTEE ON POST OFFICES AND POST ROADS

The resolution (S.Res. 35) submitted by Mr. McKELLAR on March 20, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

#### HEARINGS BEFORE COMMITTEE ON THE DISTRICT OF COLUMBIA

The resolution (S.Res. 34) submitted by Mr. KING on March 20, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to as follows:

*Resolved*, That the Committee on the District of Columbia, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.



## HEARINGS BEFORE THE COMMITTEE ON INDIAN AFFAIRS

The resolution (S.Res. 41) submitted by Mr. WHEELER on March 22, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Indian Affairs, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid from the contingent fund of the Senate; and that the committee, or any subcommittee thereof may sit during any session or recess of the Senate.

## HEARINGS BEFORE THE COMMITTEE ON COMMERCE

The resolution (S.Res. 43) submitted by Mr. STEPHENS on March 22, 1933, and reported this day by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Commerce, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

## SPECIAL EMPLOYEES

The resolution (S.Res. 44) submitted by Mr. HAYDEN on March 22, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Sergeant at Arms hereby is authorized and directed to appoint four special employees to be paid from the contingent fund of the Senate at the rate of \$1,000 each per annum until otherwise ordered by the Senate.

## HEARINGS BEFORE THE COMMITTEE ON MANUFACTURES

The resolution (S.Res. 45) submitted by Mr. BULKLEY on March 23, 1933, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Manufactures, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## HEARINGS BEFORE THE COMMITTEE ON THE LIBRARY

The resolution (S.Res. 46) submitted by Mr. BARKLEY on March 23, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on the Library, or any subcommittee thereof, is hereby authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## HEARINGS BEFORE THE COMMITTEE ON NAVAL AFFAIRS

The resolution (S.Res. 50) submitted by Mr. TRAMMELL on March 30, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Naval Affairs, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost of not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject

before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## HEARINGS BEFORE THE COMMITTEE ON RULES

The resolution (S.Res. 51) submitted by Mr. COPELAND on March 30, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Rules, or any subcommittee thereof, is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

## HEARINGS BEFORE COMMITTEE ON PRIVILEGES AND ELECTIONS

The resolution (S.Res. 52) submitted by Mr. GEORGE on March 30, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Privileges and Elections, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## HEARINGS BEFORE COMMITTEE ON MINES AND MINING

The resolution (S.Res. 53) submitted by Mr. LOGAN on March 3, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Mines and Mining, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## HEARINGS BEFORE COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

The resolution (S.Res. 54) submitted by Mr. CONNALLY on March 30, 1933, and this day reported by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Public Buildings and Grounds, or any subcommittee thereof, is authorized, during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee the expense thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during any session or recess of the Senate.

## HEARINGS BEFORE THE COMMITTEE ON IMMIGRATION

The resolution (S.Res. 38) submitted by Mr. COOLIDGE on March 21, 1933, and this day reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the Committee on Immigration, or any subcommittee thereof, hereby is authorized during the Seventy-third Congress, to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had on any subject before said committee, the expense thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

## BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:



By Mr. NORRIS:

A bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 1273) granting a pension to Frank Swartz; to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 1274) for the relief of Julius Wurzbarger; to the Committee on Military Affairs.

A bill (S. 1275) granting a pension to Anna Hindman; and

A bill (S. 1276) granting an increase of pension to Rachel Wyatt (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 1277) for the relief of Elva Rhea Speck; to the Committee on Finance.

By Mr. DILL:

A bill (S. 1278) to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; to the Committee on Commerce.

A bill (S. 1279) for the relief of Fred M. Smith; to the Committee on Military Affairs.

By Mr. COPELAND:

A bill (S. 1280) for the relief of George B. Marx;

A bill (S. 1281) for the relief of Harry P. Hollidge; and

A bill (S. 1282) for the relief of the Security Trust Co. of Rochester, Rochester, N.Y.; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 1283) for the relief of Francisco M. Belda; to the Committee on Military Affairs.

A bill (S. 1284) for the relief of William Francis Salisbury; to the Committee on Naval Affairs.

By Mr. SHEPPARD:

A bill (S. 1285) for the relief of Mamie Randel; to the Committee on Claims.

A bill (S. 1286) to increase the efficiency of the Veterinary Corps of the Regular Army;

A bill (S. 1287) for the relief of Leonard Theodore Boice; and

A bill (S. 1288) for the relief of Otto Christian; to the Committee on Military Affairs.

By Mr. WHITE:

A bill (S. 1289) authorizing a preliminary examination and survey of Eastport Harbor, Maine; to the Committee on Commerce.

By Mr. CAPPER:

A bill (S. 1290) to provide for the election of the Board of Education of the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. ROBINSON of Arkansas:

A joint resolution (S.J.Res. 39) authorizing the issuance of a special series of postage stamps commemorative of Gen. Thaddeus Kosciusko; to the Committee on Post Offices and Post Roads.

By Mr. COOLIDGE:

A joint resolution (S.J.Res. 40) proposing an amendment to the Constitution of the United States providing for the election of President and Vice President; to the Committee on the Judiciary.

#### RELIEF OF AGRICULTURE—AMENDMENT

Mr. GORE submitted an amendment intended to be proposed by him to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, which was ordered to lie on the table and to be printed.

#### AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. McNARY submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency

Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

#### TENNESSEE VALLEY DEVELOPMENT—AMENDMENT

Mr. BLACK submitted an amendment intended to be proposed by him to the bill (S. 1272) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals in the State of Alabama, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

#### HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H.Con.Res. 15) providing for an investigation of the cause or causes of the wrecking of the *Akron* and other dirigibles was referred to the Committee on Naval Affairs.

#### PRINTING OF THE CONSTITUTION, WITH INDEX, ETC.

Mr. WALSH submitted the following concurrent resolution (S. Con. Res. 2), which was referred to the Committee on Printing:

*Resolved by the Senate (the House of Representatives concurring), That the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, be printed as a Senate document, with an index, in such form and style as may be directed by the Joint Committee on Printing, and that 3,500 additional copies be printed, of which 1,000 copies shall be for the use of the Senate and 2,500 copies for the use of the House of Representatives.*

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, submitting a nomination, was communicated to the Senate by Mr. Latta, one of his secretaries.

#### REFERENCE OF BILLS AFFECTING JURISDICTION OF CONSTITUTIONAL COURTS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 24) submitted by Mr. McCARRAN on March 13, 1933, as follows:

*Resolved, That all bills introduced during the Seventy-third Congress which affect the jurisdiction of constitutional courts shall, before passage by the Senate, be referred to the Committee on the Judiciary.*

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

#### 6-HOUR DAY AND 5-DAY WEEK

Mr. TRAMMELL. Mr. President, if it is now in order, I desire to make a motion to take up the motion to reconsider the votes by which Senate bill 158 was ordered to be engrossed for a third reading, read the third time, and passed, on Thursday last.

The VICE PRESIDENT. The question is on the motion of the Senator from Florida.

The motion was agreed to.

The VICE PRESIDENT. The question now is on the motion to reconsider the votes whereby Senate bill 158 was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. TRAMMELL. Mr. President, in view of the fact that the Court of Impeachment is to convene at 12:30 o'clock, I do not know whether it is desired to proceed with the discussion of this question at the present time or not.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. TRAMMELL. Yes.

Mr. REED. Have the papers in connection with Senate bill 158 gone to the House or are they still held in the Senate?

Mr. TRAMMELL. I may say to the Senator that I made inquiry about that before making the motion and found



that the papers had not been transmitted to the House. Had they been transmitted to the House, I would have embodied in the motion a request that they be returned.

Mr. PITTMAN. Mr. President, will the Senator from Florida yield?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Nevada?

Mr. TRAMMELL. I yield.

#### PROTECTION OF GOVERNMENT RECORDS

Mr. PITTMAN. There is a bill on the calendar reported out by the Foreign Relations Committee at the request of the State Department. It is the bill H.R. 4220, for the protection of Government records. It is undoubtedly an emergency matter. I do not anticipate that it will involve very much debate. It is a bill to protect code messages and correspondence between diplomats of foreign countries and their governments. The bill as it came from the House has been changed entirely by the Committee on Foreign Relations. What I desire to do is to ask unanimous consent that consideration of the pending motion be temporarily laid aside to see whether or not we can get action on the bill immediately. I submit that request.

The VICE PRESIDENT. The Senator from Nevada asks unanimous consent to suspend consideration of the pending motion of the Senator from Florida for reconsideration of the vote by which Senate bill 158 was passed, and to proceed to the consideration of Calendar No. 22. Is there objection?

Mr. JOHNSON. Mr. President, may I say to the Senator from Nevada that I have no desire at all to delay the consideration of the bill to which he refers. There are one or two observations I do wish to make respecting it. At 12:30 o'clock the Senate will convene as a Court of Impeachment. Could not the Senator wait until those proceedings are concluded and then take up his bill as he desires? We have now but 13 minutes until the court meets, and possibly we might occupy that much time or a little more in the consideration of his bill. I shall not object, after the proceedings of the court, to considering the measure referred to by the Senator from Nevada if it is desired by the Senator, in order to bring about its passage this afternoon.

Mr. PITTMAN. How long does the Senator think the proceedings at 12:30 o'clock will take?

Mr. JOHNSON. I should say probably half an hour, but I am not qualified to speak in respect to that matter. Possibly the Senator from Arizona [Mr. ASHURST] or the Senator from Nebraska [Mr. NORRIS] could give us some idea of the time that may be occupied by the Court of Impeachment proceedings today.

Mr. ASHURST. Mr. President, of course, we do not know at this time just the form of the answer of the respondent; but I anticipate that the proceedings today in the Court of Impeachment will take not over an hour and a quarter.

Mr. JOHNSON. Will it not do to defer the request of the Senator from Nevada until the court rises?

Mr. PITTMAN. I ask unanimous consent that when the Court of Impeachment rises the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 22, the bill to which I have referred.

The VICE PRESIDENT. Is there objection?

Mr. McNARY. Mr. President, I could not consent to that request. I think the Senator from Florida [Mr. TRAMMELL] is entitled to consideration of his motion as is the Senator from Alabama [Mr. BLACK]. The matter was discussed yesterday, and it was agreed to let it come up today during the morning hour. I think it right that those Senators should have consideration and disposition of the pending motions. The proposal made by the Senator from Nevada would exclude consideration of the motion of the Senator from Florida today. Therefore I object.

The VICE PRESIDENT. Objection is heard.

#### 6-HOUR DAY AND 30-HOUR WEEK—MOTION TO RECONSIDER

The Senate resumed consideration of the motion entered by the Senator from Florida [Mr. TRAMMELL] to reconsider

the vote by which the Senate passed the bill (S. 158) to prevent interstate commerce in certain commodities and articles produced or manufactured in industrial activities in which persons are employed more than 5 days per week or 6 hours per day.

Mr. TRAMMELL. Mr. President, my principal object in moving reconsideration of the vote by which we passed Senate bill 158, commonly known as the "Black bill" or the "6-hour day and 5-day week bill", is that we may give some further consideration to a feature of the measure which I regard as of interest to American labor. I am for shorter hours of labor and for good wages, and I am for the feature of the bill that may produce such results. The original bill as passed by the Senate discriminates against American labor and in favor of foreign labor. It discriminates against American manufacturers in the interest of foreign manufacturers.

What I desire to do, if the Senate reconsiders its vote on the bill by which the bill was passed, is that I want to offer an amendment which will provide that any manufactured goods which were made by the hands of American labor and which were manufactured by American manufacturers, being placed in interstate commerce under restrictions, shall not be handicapped by having the door left wide open for the products of foreign manufacturers and foreign labor to come in and absorb a considerable quantity of American trade because of the discrimination against American labor and American manufacture, which made it more difficult to sell articles made by American laborers and in American factories.

There can be no question that if we throw further restrictions around the manufacture of American products and do not impose similar restrictions or limitations upon foreign products imported into the United States, we will concentrate and lessen the market for American products; and upon the other hand, we will widen and extend the market for products that are made by the hands of foreign labor. I cannot quite understand why an American Congress should pass a bill for the promotion and the advancement of the interests of foreign manufacturers and of foreign laborers to the detriment and at the expense of American labor. Why treat the foreign factory and foreign laborer with favoritism? I shall not do so.

Mr. President, I have always been the friend of the laboring man in his endeavor to obtain better hours and a better wage, to obtain better working conditions, to obtain stronger and better restrictions regarding child labor. I have been a friend of the laboring man throughout my public career. I recall that in my own State, when the question of placing upon the statute books the laws prohibiting child labor, by coincidence I happened to be Governor of Florida at the time. As a candidate for Governor of that State I had advocated a child labor law. When I became Governor of the State, I threw all the power and influence that I had behind and in favor of the enactment of laws which would protect children against abuses which might exist under the system at that time extant throughout the manufacturing industry of our State. We succeeded in having such a law enacted. It was not a perfect law, but I do not know of any such law that is perfect, at least according to our own individual viewpoint. I have sometimes thought and have sometimes said that I believe if someone offered the Lord's Prayer to be incorporated in our statutes, someone else would rise and offer an amendment to it and endeavor to effect a change in it.

We enacted our child labor law. I was largely instrumental in bringing about its enactment. I appointed the first labor inspector to inspect the sanitary conditions in our factories, to see that there were no violations of the restrictions placed upon child labor. Since I have been a Member of the United States Senate, in every instance I have been the friend of the laboring man and I am thankful and grateful to say that he has been my friend. I am now here again standing for his interests and for his protection against one of the most drastic efforts that I know



of to discriminate against his rights in favor of the foreign labor and factory.

The laboring man in this country is entitled to good sanitary conditions in the factories where he works. He is entitled to a reasonable wage. I have always favored a reasonable wage and have often worked with the American Federation of Labor to secure such wages. I have always stood for reducing the hours of labor. But I cannot understand the philosophy or fairness of a policy which says that we will lessen the hours of labor for the American laborer, that we will place restrictions upon the industries in which he is engaged that will probably operate to his advantage in the maintenance of the industries in which he is engaged and at the same time allow the foreigner to take up all those advantages.

I voted for the shortening of the hours of labor prescribed in the bill. I want now merely to have an opportunity to see that the benefits of such reductions go to American labor. We are doing a great many things here now purely as a matter of experimentation. I remember when the first bill came up in the Senate at this special session there was considerable enthusiasm exhibited by most of the Members of the Senate in support of the bill, but within the last 2 or 3 days, since they have begun to hear from the men who defended our country on the battlefields that their compensation has been cut off, that their hospital facilities have been withdrawn, some of them do not seem to exhibit such enthusiasm as they did when they supported bill no. 1 and the beneficent provisions which were contained in that measure.

My prediction is that we are going to find this to be true in regard to much of the legislation. I believe there is a great spirit of cooperation among all the Members of both Houses of Congress. There is a sincere and earnest desire on the part of the entire administration to do the very best possible to bring about better conditions in the country. But even with all that patriotism, with all that spirit of cooperation, with all that desire to lift the country from its condition of depression, we are naturally going to make some mistakes.

I think one of the most serious mistakes would be to say that we are going to treat the laboring people of this country so they will only have to work 5 or 6 hours a day, that they will only have to work 5 days a week so far as those engaged in industrial occupations are concerned, while the poor farmer, the dairymen, and workmen of that class will still be required to do their drudgery of 8 or 10 or probably 12 hours a day, which is outrageous. I am willing and glad to give the laboring man the benefit of shorter hours with the hope that some benefit will be enjoyed as a result. Let us try to benefit all.

The VICE PRESIDENT. The Senator from Florida will please suspend, the hour fixed for the Court of Impeachment having arrived.

#### IMPEACHMENT OF HAROLD LOUDERBACK

At 12 o'clock and 30 minutes p.m. the Secretary to the Minority, Carl A. Loeffler, appeared and said: I have the honor to announce the managers on the part of the House of Representatives to conduct the impeachment proceedings in the impeachment of Harold Louderback, United States district judge for the northern district of California.

The VICE PRESIDENT. The managers on the part of the House of Representatives will be conducted to the seats assigned them in the area in front of the Secretary's desk.

The managers were conducted to seats provided in the space in front of the Secretary's desk, on the left of the Chair, namely: Hon. HATTON W. SUMNERS, of Texas; Hon. RANDOLPH PERKINS, of New Jersey; Hon. GORDON BROWNING, of Tennessee; Hon. U. S. GUYER, of Kansas; Hon. J. EARL MAJOR, of Illinois; and Hon. LAWRENCE LEWIS, of Colorado.

The VICE PRESIDENT. The hour of 12:30 o'clock, to which the Senate, sitting as a court in the impeachment of Harold Louderback, United States district judge for the northern district of California, took a recess, having arrived, the Sergeant at Arms will make proclamation.

The SERGEANT AT ARMS. Hear ye! Hear ye! Hear ye! All persons are commanded to keep silence on pain of imprisonment while the Senate of the United States is sitting for the trial of the articles of impeachment exhibited by the House of Representatives against Harold Louderback, United States district judge for the northern district of California.

The VICE PRESIDENT. The Secretary will call the names of the Senators who have not been sworn.

The legislative clerk called the names of Mr. BANKHEAD, Mr. CAREY, Mr. CUTTING, Mr. ERICKSON, Mr. FLETCHER, Mr. HATFIELD, Mr. HAYDEN, Mr. KENDRICK, Mr. METCALF, Mr. NORBECK, Mr. SCHALL, Mr. SHIPSTEAD, and Mr. WHEELER, who, with the exception of Mr. HAYDEN, Mr. SCHALL, and Mr. WHEELER, advanced to the desk, and the oath was administered to them by the Vice President.

Mr. ASHURST. Mr. President, I ask unanimous consent that the reading of the Journal of the previous session of the Senate sitting as a Court of Impeachment may be dispensed with, and that the Journal of that session may be approved.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The Sergeant at Arms will notify the counsel for respondent.

At 12 o'clock and 32 minutes p.m. the respondent, Harold Louderback, and his counsel, James M. Hanley, Esq., and Walter H. Linforth, Esq., both of San Francisco, Calif., entered the Chamber and were conducted to the seats assigned them in the space in front of the Secretary's desk on the right of the Chair.

Mr. ASHURST. Mr. President, I send to the desk a resolution, which I ask may be read and considered.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read as follows:

#### IN THE SENATE OF THE UNITED STATES, SITTING AS A COURT OF IMPEACHMENT.

Whereas on March 13, 1933, John N. Garner, Vice President and President of the Senate, acting under authority of the Senate, sitting as a Court of Impeachment, and in accordance with the Rules for Impeachment Trials, issued a writ of summons to Harold Louderback, United States district judge for the northern district of California, commanding him to appear before the Senate of the United States of America at their Chamber in the city of Washington on the 11th day of April 1933, at 12:30 o'clock afternoon, to answer to articles of impeachment exhibited against him by the House of Representatives of the United States of America, and addressed to Chesley W. Jurney, Sergeant at Arms of the Senate, a precept commanding him to serve true and attested copies of said writ of summons and precept upon the said Harold Louderback personally or by leaving same at his usual place of abode or at his usual place of business; and

Whereas since the recess of the Senate, sitting as a Court of Impeachment, the said Chesley W. Jurney, as Sergeant at Arms, acting upon a suggestion of the Committee on the Judiciary of the Senate, with a view to securing a waiver of personal service of said writ of summons as required by the precept, communicated by telegraph with the said Harold Louderback, who consented to such waiver, and who subsequently forwarded to said Chesley W. Jurney, as Sergeant at Arms, a waiver, in writing, of personal service of said writ of summons, signed by him and witnessed on the 28th day of March 1933, agreeing voluntarily to appear in person before the Senate of the United States at the time and place specified in said writ of summons and acknowledging receipt of true and attested copies of said writ of summons and precept, transmitted to him by the said Chesley W. Jurney, Sergeant at Arms: Now, therefore, be it

Resolved, That the action of the said Chesley W. Jurney, Sergeant at Arms of the Senate, in securing waiver of personal service of said writ of summons upon the said Harold Louderback be, and the same is hereby, ratified and approved; that the delivery, by registered mail, of true and attested copies of the said writ of summons and precept to the said Harold Louderback, and his acceptance thereof, be deemed and taken to have been a satisfactory and sufficient compliance by the said Chesley W. Jurney, Sergeant at Arms, with the said precept, and that the said Chesley W. Jurney, as Sergeant at Arms, be, and he is hereby, authorized to make return of said writ of summons and precept accordingly.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is agreed to.

The Secretary will read the return of the Sergeant at Arms to the summons directed to be served.

The legislative clerk read as follows:

#### SENATE OF THE UNITED STATES, OFFICE OF THE SERGEANT AT ARMS.

The foregoing writ of summons, addressed to Harold Louderback, and the foregoing precept, addressed to me, were duly served



upon the said Harold Louderback by the transmittal, by registered mail, to the said Harold Louderback of true and attested copies of the same, and by his receipt thereof, as shown in the attached waiver by the said Harold Louderback of personal service of summons, said waiver being made a part of this return.

CHESLEY W. JURNEY,  
Sergeant at Arms, United States Senate.

IN THE SENATE OF THE UNITED STATES, SITTING AS A COURT OF IMPEACHMENT IN THE CASE OF HAROLD LOUDERBACK, UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF CALIFORNIA

Waiver of personal service of Harold Louderback, United States district judge for the northern district of California.

I, Harold Louderback, United States district judge for the northern district of California, do hereby waive personal service of summons issued on the 13th day of March 1933, by Hon. John N. Garner, Vice President and President of the Senate, which commands me to appear before the Senate of the United States on April 11, 1933, at 12:30 p.m., to answer specific articles of impeachment exhibited to the Senate by the House of Representatives, and agree to voluntarily appear in person before the Senate of the United States at the aforesaid time.

I acknowledge receipt of a true and attested copy of the writ of summons issued in this case, together with a like copy of the precept.

Witness my signature this 28th day of March 1933 at the city of San Francisco, State of California.

HAROLD LOUDERBACK,  
Respondent.

Signature of witness:  
JAMES M. HANLEY.

The VICE PRESIDENT. In view of the waiver of personal service of summons by the respondent, without objection, the administration of the oath to the Sergeant at Arms will be dispensed with.

The Sergeant at Arms will make proclamation.

The Sergeant at Arms made proclamation, as follows:

Harold Louderback! Harold Louderback! Harold Louderback, United States district judge for the northern district of California: Appear and answer to the articles of impeachment exhibited by the House of Representatives against you.

The VICE PRESIDENT. The Chair advises the counsel for the respondent that the Senate is now sitting for the trial of Harold Louderback, United States district judge for the northern district of California, upon the articles of impeachment exhibited by the House of Representatives, and will hear his answer thereto.

Mr. LINFORTH. Mr. President, at this time Harold Louderback appears in person and by counsel and presents a written appearance, which we ask to be filed and read.

The VICE PRESIDENT. The Secretary will read the appearance.

The Chief Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA v. HAROLD LOUDERBACK, APPEARANCE OF RESPONDENT

The respondent, Harold Louderback, having been served with a summons requiring him to appear before the Senate of the United States of America at their Chamber in the city of Washington, on the 11th day of April 1933, at 12:30 o'clock afternoon, to answer certain articles of impeachment presented against him by the House of Representatives of the United States, now appears in his proper person and also by his counsel, who are instructed by this respondent to inform the Senate that respondent is ready to file his answer to said articles of impeachment at this time.

Dated this 11th day of April 1933.

HAROLD LOUDERBACK.

WALTER H. LINFORTH,  
JAMES M. HANLEY,  
Counsel for Respondent.

The VICE PRESIDENT. The paper will be placed on file. Counsel for the respondent may make a statement, or the respondent in person may do so.

Mr. LINFORTH. Mr. President, at this time the respondent, Harold Louderback, files and presents his answer to the articles of impeachment.

Mr. McKELLAR. Will counsel speak a little louder?

Mr. LA FOLLETTE. It is impossible to hear counsel.

Mr. LINFORTH. Mr. President, at this time, having appeared, the respondent, Harold Louderback, presents his answer to the articles of impeachment and asks that it may be read and filed.

The VICE PRESIDENT. The answer of the respondent will be read.

The legislative clerk read as follows:

ANSWER OF RESPONDENT HAROLD LOUDERBACK (S.DOC. NO. 21)

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA v. HAROLD LOUDERBACK, UPON ARTICLES OF IMPEACHMENT PRESENTED BY THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES OF AMERICA

Answer of respondent Harold Louderback to the articles of impeachment exhibited against him by the House of Representatives of the United States

ANSWER TO ARTICLE I

For answer to the first article the respondent says that this honorable court ought not to have or take further cognizance of the first of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said first article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said first article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said first article, said respondent saving to himself all advantages of exception to said first article, for answer thereto saith:

I

Admits that he is now and was at all times mentioned in said article a duly appointed, qualified, and acting judge of the United States District Court for the Northern District of California.

II

Further answering said article, the respondent admits, denies, and alleges as follows:

Admits that on the 11th day of March 1930, by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which Gardner M. Olmstead was plaintiff and Russell Colvin Co. was defendant, he appointed one Addison G. Strong as equity receiver.

Admits that on the 13th day of March 1930 by an order duly made and entered in said action he revoked and set aside the order appointing said Addison G. Strong as receiver in said action.

Alleges that the facts and circumstances surrounding and leading up to the making of the said order on the 13th day of March 1930 setting aside the appointment of the said Addison G. Strong were as follows, and not otherwise:

On the 10th day of March 1930 a bill of complaint was filed in the office of the clerk of said court wherein Gardner M. Olmstead was the plaintiff and Russell-Colvin Co., a copartnership, and others were defendants. That in said complaint, among other things, the appointment of a receiver was prayed for. That in said action Thelen & Marrin were the attorneys for the plaintiff and Sanborn & Roehl, DeLancey C. Smith, and Francis C. Brown were the attorneys for certain defendants. Upon the filing of the said bill of complaint, application was made to this respondent, in chambers, for the appointment of a receiver. At the making of said application the plaintiff was represented by the attorneys aforesaid and the defendants were represented by the said Francis C. Brown. Two of the defendants, partners of said Russell-Colvin Co., were also present in person, at the making of said application. All of said attorneys and said parties so present consented to and requested the appointment of a receiver. At said time there was also present Lloyd W. Dinkelspiel, a member of or connected with the law firm of Heller, Ehrman, White & McAuliffe, who were at that time the regularly retained attorneys for the San Francisco Stock Exchange. That said defendant, Russell-Colvin Co. was and had been engaged in a general stock brokerage and bond business in the city of San Francisco and was a member of said stock exchange, owning a seat therein. That the said Addison G. Strong was the auditor for said stock exchange and had at some time prior thereto audited the books of said Russell-Colvin Co. At the request of all prices present this respondent made the said order appointing the said Addison G. Strong receiver, who at said time was not known personally by respondent but was known to him by reputation. At said time, and for a long time prior thereto, there was in existence a rule of the District Court of the United States for the Northern District of California, which had been adopted by all the members or judges thereof, known as general rule no. 53, which in part was and is as follows:

"Receivers shall employ counsel only after obtaining an order of the court therefor"; and said rule at and prior to said 13th day of March 1930 had always been construed by the judges of said court to mean that such counsel should be satisfactory to and acceptable to the judge of said court. Upon the appointment of the said Addison G. Strong as such receiver, he desired to appoint as his attorneys the law firm of Heller, Ehrman, White & McAuliffe, so as aforesaid the attorneys for said San Francisco Stock Exchange. For the reasons aforesaid, respondent was reluctant to confirm or accept the appointment of said firm of attorneys so representing said stock exchange as attorney for said



receiver, having already appointed as receiver the auditor of said stock exchange, and suggested to said receiver the appointment by him of other counsel, suggesting to him the names of John Douglas Short, of the firm or connected with the law firm of Keyes & Erskine, the law firm of Pillsbury, Madison & Sutro, the law firm of Sullivan, Sullivan & Theodore J. Roche, and the law firm of Cushing & Cushing, all of said firms and the members thereof, being reputable practitioners of high standing and character, practicing their profession at the city of San Francisco, but said receiver, Addison G. Strong, in a defiant and arbitrary manner, declined and refused to have or employ any counsel to represent him as such receiver other than the said firm so representing the said stock exchange. Accordingly, your respondent deemed it advisable to make and did make the order referred to in said article I, removing from office the said Addison G. Strong as such receiver.

Respondent denies that in so discharging the said Addison G. Strong as such receiver he acted willfully, tyrannically, and/or oppressively, and respondent denies that he ever attempted to force and coerce, or force or coerce the said Addison G. Strong to appoint as his said attorney in said matter of proceeding the said John Douglas Short, or that he ever improperly or otherwise or at all did attempt to cause the said Addison G. Strong to appoint the said John Douglas Short as his attorney in said matter by any promise or promises of allowance of large fees, or by any threat or threats of reduced fees in the event of the refusal of the said Addison G. Strong to so appoint the said John Douglas Short.

### III

Further answering said article I, this respondent states that upon the removal of the said Addison G. Strong as such receiver he appointed in his place and stead one H. B. Hunter, who at that time was manager of the brokerage department of the prominent firm of William Cavalier & Co., said company doing a general stock brokerage and investment banking business in the city and county of San Francisco, State of California.

Subsequent to the appointment of the said H. B. Hunter as such receiver, after petition filed by him therefor, respondent authorized the appointment by him of attorneys so to represent him as such receiver and ratified the appointment by him of John Douglas Short and the firm of Keyes & Erskine as such attorneys.

Respondent denies that the said John Douglas Short was so appointed attorney for said receiver at the instance, suggestion, or demand of W. S. Leake, referred to in said article I as Sam Leake, or that respondent improperly, otherwise, or at all, used his office and power of district judge in his own personal interest by causing the appointment of the said John Douglas Short as attorney for the said receiver.

Respondent denies that the said John Douglas Short, or the said Keyes & Erskine, received large and exorbitant fees, or large or exorbitant fees for any service by them, or any of them, rendered said receiver in said action.

And respondent further denies that he ever knew that the said W. S. Leake did receive certain or any fees, gratuities, and/or loans, directly or indirectly, from the said John Douglas Short, amounting approximately to the sum of \$1,200, or any other sum or amount whatever.

Respondent denies upon and according to his information and belief that the said W. S. Leake ever did receive certain or any fees, gratuities, and/or loans, directly or indirectly, from the said John Douglas Short, amounting approximately to the sum of \$1,200, or any other sum or amount whatever.

And further answering said article I, respondent alleges, with reference to the fees allowed for the services of the attorneys for said receiver, as follows:

That respondent granted and allowed to John Douglas Short and Messrs. Keyes and Erskine, as attorneys for said receiver, as compensation for the services rendered by them the sum of \$46,250, and made an order to such effect on or about the 17th day of March 1931, and thereafter, on or about the 14th day of November 1931, an additional amount of \$5,000. That said allowance of \$46,250 was made upon the following circumstances, and not otherwise, namely:

On or about the 7th day of March 1931 said attorneys for said receiver filed in the matter of said action a written application for an allowance to compensate them for the services theretofore rendered by them. Notice of the hearing of said application was given to all parties in interest. Said application came on regularly for hearing before respondent, as such judge, in open court, and the hearing thereof was had on the 14th, 16th, and 17th days of March 1931. That on said hearing all of the parties to said proceeding and a large number of the creditors of said Russell-Colvin Co. were represented by counsel. On said hearing evidence as to the value of said services was introduced. Mr. John L. McNab, upon examination under oath, testified that in his opinion the value of said services was somewhere between \$50,000 and \$75,000, and added that he thought \$75,000 was a fair fee; Mr. Albert A. Rosenshine testified said services were of a value of \$65,000; Mr. Henry A. Jacobs testified that the value of said services was the sum of \$55,000; Mr. Sidney M. Ehrman, of the law firm heretofore mentioned, placed a value of \$25,000 upon said services. All of the attorneys above mentioned were and are reputable practitioners of their profession in San Francisco, and no other evidence by attorneys as to the value of said services was introduced.

That on the third day of said hearing, namely, March 17, 1931, upon the hearing of said application being resumed, respondent

was advised, in open court, by counsel participating in the hearing of the objections to said application, that the parties in interest had agreed among themselves upon an allowance in the sum of \$46,250 for the services so rendered by the attorneys for the receiver, subject to the approval of respondent as such judge, and subject to the right of said counsel to thereafter apply for compensation for such services as might thereafter be rendered. Thereupon, as shown by the notes of the phonographic reporter, the following proceedings took place insofar as the same referred to the amount that should be allowed to the attorneys for the receiver:

"The COURT. This arrangement is within the scope of what I think proper, although I will be frank with you gentlemen and say that while it is not what I would have made it, if this matter was pressed in this present form, I am satisfied with it if everybody else is, and apparently everybody else is satisfied—it being within the range of a proper fee—I think it is satisfactory to the court to accept that, and without proceeding further with the hearing in view of the fact that everyone is apparently satisfied, or has shown no objection to this matter, or no objection has been offered by anyone who has been participating in this hearing, I will allow the sums which have been mentioned. \* \* \* I will allow \$46,250 to the attorneys, John D. Short and Keyes & Erskine."

And said record shows that before the respondent, sitting as judge of said court made said announcement, he inquired of those present: "If there is anybody objecting to that (referring to the amount so placed as the amount to be allowed said attorneys, and other matters then under consideration) representing creditors, they should say so now." And the record shows that no one in response thereto offered any objection.

And respondent further shows that the said allowance was made under and in accordance with the foregoing stipulation or arrangement entered into between the said parties. No exception was taken to said order by any interested party, and to the knowledge of affiant, thereafter no objection was ever made thereto, and no appeal was ever taken therefrom.

Respondent further shows that thereafter on the 14th day of November 1931 said attorneys for said receiver, upon petition filed by them, and after a full hearing had thereon, at which no objections whatever were made or filed, the sum of \$5,000 was allowed for services rendered by said attorneys to said receiver, since the making of the order so allowing the said sum of \$46,250, and no appeal was ever taken from this later order.

Respondent further shows that the records on file in said action disclose that the appraised value of all securities belonging to said firm of Russell-Colvin & Co. and to its customers was the sum of \$2,111,536.24, as of March 11, 1930, the date of the commencement of the said receivership; that the appraised value of the firm's securities, not including other assets, was over one half million dollars; that 679 claims were filed with said receiver for cash and securities totaling \$1,722,402.51, and that the amount of bank loans and repurchase agreements liquidated in said receivership was \$971,870.94; that the said receiver and his said counsel settled each of said claims without employing a special master or expert accountant; that the administration of said estate resulted in the payment to customers of \$385,745.70 in cash and the delivery to customers of securities of the value of \$505,977.39; that the creditors of said firm entitled to preference, and the customers of said firm entitled to priority, each received 100 percent of their claims in cash and securities; that the ordinary margin customers of said firm, not entitled to priority, received about 56 percent of their claims in cash and securities; that said ordinary margin customers of said firm were relegated to the position of general customers for a portion of their claims; that the claims of general creditors of the firm, including the claims of margin customers who were relegated to the position of general creditors for a portion of their claims, amounted to \$505,277.44, of which amount \$152,733.97 represented the claim of general creditors not customers, and \$352,533.47 represented the claims of margin customers who were relegated to the position of general creditors; that the general creditors had received 28 percent of their claims with a prospect of additional dividends of about 12 percent; that the customers and creditors of said firm had received securities and cash to the amount of \$828,000, an average of about 65 percent for all customers and creditors; that only 21 objections were filed to the receiver's report by customers and creditors, and these objections or exceptions were summarily settled at hearings before the court or referee, with the result that the administration of the estate was substantially completed without protracted litigation having been instituted by any dissatisfied customer; that there was completed in 18 months the work of tracing the moneys and securities of said estate and marshaling its assets and distributing to creditors the moneys and securities to which they were entitled, with the exception of certain dividends thereafter to be paid, and the administration of the estate was most expeditious for one of this character.

### IV

Further answering said article I, this respondent admits and alleges as follows, to wit:

Admits that on or about the 21st day of September 1929 the said W. S. Leake, in the manner hereinafter set forth, and not otherwise, obtained a room for respondent at the Fairmont Hotel in the city and county of San Francisco, State of California, and made arrangements for registering said room in his, W. S. Leake's name.

Admits that under said arrangement said room was to be charged by the management of said hotel to and in the name of



the said W. S. Leake, and that respondent was to pay monthly to said hotel, through the said W. S. Leake, the amount of said hotel's charges for said room.

And, in this behalf, this respondent alleges that said arrangement was made under the following circumstances, and not otherwise, that is to say—

Said W. S. Leake was at the said time, and for many years prior thereto had been, a close friend of respondent and was at said time residing, and for many years prior thereto had resided at said hotel with his family, consisting of his wife; that on the date aforesaid, and for some time prior thereto, unhappy differences existed between this respondent and his wife, which, on the date last aforesaid, culminated in respondent separating from his said wife and in temporarily taking up his abode at the said Fairmont Hotel. That on the date aforesaid, upon going to said hotel, respondent consulted with his said friend, advising him of his said separation and confiding in him his desire to avoid, as far as possible, newspaper notoriety that might be caused by knowledge of said separation, and inquired of his said friend whether or not it was possible to obtain accommodations in said hotel without it being generally and publicly known that respondent was staying thereat separate and apart from his said wife. Thereupon the said W. S. Leake arranged with said hotel for accommodations of respondent thereat under an arrangement that the same should be furnished in the name of and charged to the said W. S. Leake. Respondent thereafter monthly furnished to the said W. S. Leake the amount of the bills so charged to the said W. S. Leake for the accommodation of said respondent and said amounts were promptly paid by the said W. S. Leake to said hotel management, and received by it with full knowledge of all of the foregoing facts and circumstances.

Respondent further shows that at the time of the making of the said arrangement with said hotel he then had no intention whatever of acquiring any residence in the county of Contra Costa, and at no time prior to the month of April 1930 did respondent have any intention of so acquiring a residence in the county of Contra Costa, State of California.

Respondent further shows that in the month of April 1930 and for some years prior thereto a brother of respondent had his home and resided with his wife at 107 Ardmore Road, Kensington district, Contra Costa County. Said home was and is in the Berkeley Hills, so-called, and just across the Alameda County line and within about 40 minutes' traveling distance to and from the city and county of San Francisco. That in the month of April 1930 respondent, with the consent of his said brother and wife, determined to make his home at the place aforesaid, and in carrying out his intention so to do, on or about the 17th day of April 1930 removed substantially all his personal effects, such as trunks, clothing, and the like, to a room in the said home of his brother, assigned by the latter to him for his use and benefit, leaving in his said room at said Fairmont Hotel such few articles of clothing as he might need in temporarily stopping at said place. Evidencing such intention to so reside at said place and become a resident of said Contra Costa County, respondent, on or about the 17th day of April 1930, canceled his voting registration in the city and county of San Francisco, and thereafter, and on or about the 18th day of April 1930, registered as a resident and voter of said Contra Costa County, giving his residence as such at the home of his said brother, and at said time was actually living and residing at said place. That in removing to said Contra Costa County and registering therein as a voter as aforesaid, respondent acted with the then bona fide and existing intention of abandoning the city and county of San Francisco as his residence and of making said Contra Costa County his future residence.

And further answering said article I, respondent denies that at the time referred to in said article he was, or ever had been, or is now, under any personal obligation to the said W. S. Leake, and denies that he ever at any time entered into any conspiracy with the said W. S. Leake, with the objects or purposes, or any of them, in said article I set forth, and denies that he ever entered into any conspiracy of any kind or character whatever with the said W. S. Leake.

Respondent denies that he ever improperly and/or unlawfully established a fictitious residence in the county of Contra Costa for the purposes in said article I set forth, or for any other purpose, or at all. And further denies that at any time he ever entered into a conspiracy with the said W. S. Leake to violate the provisions, or any provision, of the political code, or of any other code, in establishing a residence in the county of Contra Costa, as in article I set forth, or otherwise, or at all, and denies that at the time respondent acquired said residence in Contra Costa County, he did not in fact reside in said county.

Respondent denies that his registration as a voter in the said county of Contra Costa was unlawful or made or done pursuant to any conspiracy with the said W. S. Leake. Respondent denies that said registration was for the purpose of falsely creating proof necessary to establish himself a resident of said county in anticipation of any action expected by him to be brought against him, or for the sole purpose of meeting the requirements, or any of them, of the Code of Civil Procedure of the State of California, providing that all causes of action must be tried in the county in which the defendant resides at the commencement of the action, and respondent further denies that any provision of the Code of Civil Procedure of the State of California so provides.

Respondent further denies that any act or acts done or performed by him in any of the matters referred to in said article I, constituted a felony, defined by section 42 of the Penal Code of the State of California, or any other code of the State of California,

and denies that he was and/or is guilty of a course of conduct improper, oppressive, and/or unlawful and/or is guilty of misbehavior in office as such judge and was and/or is guilty of any misdemeanor in office.

Except as hereinbefore specifically admitted or explained, respondent denies each and every allegation in said article I contained.

#### ANSWER TO ARTICLE II

For answer to the second article the respondent says that this honorable court ought not to have or take further cognizance of the second of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said second article do not, if true, constitute an impeachable high crime and misdemeanor as defined by the Constitution of the United States, and that therefore the Senate, sitting as a court of impeachment, should not further entertain the charge contained in said second article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said second article, said respondent saving to himself all advantages of exception to said second article, for answer thereto saith:

Further answering said article the respondent admits, denies, and alleges as follows:

#### I

Admits that on or about the 29th day of July 1930 by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which Helen Lay was plaintiff and Lumbermen's Reciprocal Association was defendant, he appointed Samuel Shortridge, Jr., as receiver therein and ratified or approved the appointment of Marshall Woodworth as attorney for said receiver.

Respondent alleges that the facts and circumstances surrounding and leading up to the appointment of said receiver, and the ratifying of the appointment of said Marshall Woodworth as his attorney, were as follows and not otherwise:

On the 29th day of July 1930 a verified bill of complaint was filed in the office of the clerk of said court, wherein the said Helen Lay was plaintiff and the said Lumbermen's Reciprocal Association was defendant. In said complaint, among other things, the appointment of a receiver was prayed for. In said action Reisner & Deming were the attorneys for the plaintiff and Bronson, Bronson & Slaven were the attorneys for the defendant. Upon the filing of said complaint application was made to this respondent for the appointment of a receiver. At the making of said application the plaintiff was represented by John G. Reisner, of the said firm of Reisner & Deming, and the defendant was represented by Thomas W. Slaven, of the law firm of Bronson, Bronson & Slaven. Counsel so representing both plaintiff and defendant requested the making of an order appointing a receiver. One or the other of said counsel requested the appointment of Samuel M. Shortridge, Jr., as such receiver, and both consented to such appointment, and each signed at said time a written request for the appointment of said Samuel M. Shortridge, Jr., as such receiver, which written request was thereafter, and on the 30th day of July 1930, filed in the office of the clerk of said court.

Respondent further alleges that subsequent to the appointment of the said Samuel M. Shortridge, Jr., as such receiver and on the 2d day of August 1930, he signed and there was thereafter filed in the office of the clerk of said court an order ratifying the appointment of the said Marshall Woodworth as attorney for said receiver.

Respondent further alleges that it appeared from said bill of complaint that plaintiff was a citizen and resident of the State of California, residing within the jurisdiction of said court. That defendant was a reciprocal insurance association organized under the laws of the State of Texas, with assets in a large amount situate in the city of San Francisco and within the jurisdiction of this court, and carrying on and conducting its said insurance business in the State of California, as well as in the State of Texas, and had been licensed to conduct and carry on its said business in the State of California by the insurance commissioner of said State, and that at the time of the granting of the said application so appointing the receiver aforesaid, respondent believed in good faith, and was of the opinion that the court over which he then presided, had jurisdiction to make said order, and that the facts set forth in said bill of complaint justified the court in making said order.

Respondent further alleges that thereafter, on the 6th day of August 1930 the defendant in said action, by its attorneys before mentioned, filed an answer therein wherein and whereby the defendant not only admitted each and all of the allegations contained in the said bill of complaint but joined in the petition for the appointment of said receiver and prayed that such decree be made in the premises as was just and proper and for the full protection of the plaintiff, the defendant, and all of the creditors of the latter.

And respondent further alleges that in and by said answer no attack whatever was made upon the jurisdiction of the court so presided over by respondent, to entertain the bill of complaint of the plaintiff therein, or to grant in such action such relief as might be just and proper.

Respondent further alleges that at no time down to the rendering of the decision by the United States Circuit Court of Appeals referred to in said article II, did he entertain any doubt of the jurisdiction of the court over which he presided to proceed with and pass upon the various and sundry matters arising in said



action, and denies that in so proceeding he was guilty of a course of improper and/or unlawful conduct.

Respondent alleges that on the 1st day of December 1930 he made and there was thereafter filed in the office of the clerk of said court an order fixing and allowing as compensation of said receiver and his said counsel the sum of \$3,000 each for services by them respectively rendered covering the period from the 29th day of July 1930 to the 30th day of November 1930. That the said allowance was made upon a detailed statement of the services rendered by said receiver and said attorney, filed in the office of the clerk of said court, and upon the written stipulation of the said Reisner & Deming, the attorneys for said plaintiff, and of Bronson, Bronson & Slaven, the attorneys for said defendant, which said stipulation was filed in the office of the clerk of said court on the 1st day of December 1930. That in the said stipulation of said attorneys it is recited that "the compensation for the services of the receiver for the above period of time from July 29, 1930, to and including November 30, 1930, in the sum of \$3,000 is a proper and reasonable sum for the services rendered, and that the compensation for the legal services of the attorney for the receiver for the above period of time in the sum of \$3,000 is a proper and reasonable sum for the legal services rendered by such attorney."

Respondent further alleges that on or about the 23d day of April 1931, as such judge, he made a further order allowing to said receiver and to his said attorney the additional sum of \$3,000 each as compensation for services rendered by them respectively covering the period from December 1, 1930, to and including the 31st day of March 1931. That said order was likewise based in part upon the written stipulation of said attorneys, stipulating to the reasonableness of said amount, and which said stipulation was also filed in the office of the clerk of said court.

Respondent further alleges that in the fourth and final account filed by said receiver in said matter, under the heading "Disbursements", and under date of April 23, 1931, appears the \$3,000 so allowed to the said receiver on said date by said order, and the like amount so allowed to his said counsel.

Respondent further alleges that no objection whatever was ever made by any person interested in said action to the allowance of said amounts or any of them until the petition for an order of settlement of the fourth and final account of said receiver was filed. That after a hearing thereon the respondent, as judge of said court, on the 15th day of December 1931, made an order approving and settling said fourth and final account, which order was on the day following filed in the office of the clerk of said court, and in said order, among other things, it is provided as follows:

"It is now here further ordered, adjudged, and decreed that Samuel M. Shortridge, Jr., receiver of Lumbermen's Reciprocal Association, defendant herein, be, and he is hereby instructed and directed, within 30 days from the date of the signing and filing of this order, to deliver to the receiver appointed by the Superior Court of the State of California in and for the city and county of San Francisco, to wit: E. Forrest Mitchell, State Insurance Commissioner of California, any and all moneys in bank or otherwise held in the possession and custody of said Samuel M. Shortridge, Jr., as receiver of said defendant, Lumbermen's Reciprocal Association, and also any and all other assets, properties, books, records, papers, documents, notes, and all other personal property now in the possession or custody of said Samuel M. Shortridge, Jr., as receiver of said defendant, Lumbermen's Reciprocal Association, upon his obtaining and receiving a proper receipt or receipts therefor and filing said receipt or receipts with the clerk of the above-entitled court; provided, however, that if within 30 days from the signing and filing of this order the attorney for E. Forrest Mitchell, State Insurance Commissioner of California and receiver appointed by the State court of California as above stated, shall appeal from this order, then the further execution and performance by said receiver of this order shall be stayed until the final action by the Circuit Court of Appeals for the Ninth Circuit on said appeal, or, until the other or further order of this court or of the circuit court of appeals."

Respondent alleges that at no time was any application made to modify said order and respondent further alleges that subsequent to the making thereof and upon further and more mature consideration he became convinced he had erred in including the proviso in the said order above quoted, and then and there concluded and determined to modify said order by eliminating and striking therefrom the said proviso, and then and there would have made an order so modifying the order settling said fourth account except for the fact that an appeal had been taken from the whole of said order. Accordingly, and for the purpose of preserving and protecting the rights of all parties interested therein, all parties interested in said proceeding, including Mr. Frank L. Guereña, the attorney for E. Forrest Mitchell, State Insurance Commissioner of California, at the request of respondent, entered into a stipulation, in effect, consenting to the modification of said order, by striking therefrom the said proviso, said stipulation being in the words and figures following, to wit:

"STIPULATION AND ORDER TURNING OVER ASSETS

"It is stipulated and agreed by and between all parties hereto that Samuel M. Shortridge, Jr., the receiver of the defendant, Lumbermen's Reciprocal Association, be, and he is, hereby authorized to turn over and deliver forthwith to E. Forrest Mitchell, Insurance Commissioner of the State of California, the receiver of the defendant, Lumbermen's Reciprocal Association, appointed by the Superior Court of the State of California in and for the

city and county of San Francisco, all moneys in bank, assets, books, notes, papers, and all other property now in the custody or possession or under the control of said Samuel M. Shortridge, Jr., receiver appointed by this court of the defendant, Lumbermen's Reciprocal Association, upon obtaining proper receipts therefor; and it is further stipulated and agreed that that portion of the order approving fourth and final and supplemental accounts of receiver, denying petition for preferred claims, directing receiver to comply with order of United States Circuit Court of Appeals and thereupon discharging receiver and exonerating his bond, made and entered December 15, 1931, which provides that if an appeal be taken by said E. Forrest Mitchell, State Insurance Commissioner of California and receiver appointed by the State court of California, then the further execution and performance by said Samuel M. Shortridge, Jr., as receiver aforesaid, of the directions contained in said order shall be stayed until the final action by the Circuit Court of Appeals for the Ninth Circuit on said appeal or until the other or further order of the above-entitled court or the circuit court of appeals be, and the same is hereby, set aside and vacated. This stipulation is made without prejudice to the rights of any party hereto with respect to the appeal herein pending."

Respondent further alleges that thereupon, on the 11th day of January 1932, he made an order so modifying the said order so settling the said final account, in accordance with the terms and provisions of said stipulation and caused said order to be filed in the office of the clerk of said court on said 11th day of January 1932.

Respondent further alleges that on the 11th day of January 1932, when said order was so modified by him as aforesaid, the record of the appeal from the making of said order had not been prepared and that the said insurance commissioner of the State of California was not put to any delay, labor, or expense in protecting the rights of any person or persons by reason of the said order so settling the said fourth account having contained therein the proviso hereinabove quoted in full, and that the further prosecution of said appeal was directed solely and entirely to the question as to whether or not the amounts so awarded as aforesaid to said receiver and his said counsel as compensation for services rendered by them and the expenses incurred in connection therewith were reasonable or unreasonable.

Respondent denies that said order so settling the said fourth and final account of said receiver was made by him as a judge of said court to favor and enrich, or to favor or enrich any friend, political or otherwise, and denies that said order was made to the detriment and/or loss of any litigant or litigants in his said court and/or for the purpose or with the intention of forcing or causing said State commissioner of insurance and/or any party in interest in the said action unnecessary delay, labor, and/or expense in protecting the rights of all or any parties against said order.

Denies that this respondent did improperly and/or unlawfully or at all seek to coerce said State commissioner of insurance, and/or any party or parties in interest in said action to accept and/or acquiesce in any fees or disbursements granted by him to the said receiver or his said attorney.

Respondent alleges at the times of the making of the respective orders as hereinbefore stated, allowing compensation to said receiver and said attorney, he honestly and conscientiously believed the services rendered by them, and each of them, as shown by the detailed statements on file of the services rendered by them were reasonable and proper, and in so making said allowances, and each thereof, respondent was guided and influenced by the stipulation of the parties hereinbefore referred to.

Respondent denies that he ever improperly and/or unlawfully forced and coerced, or forced or coerced any of the parties to said proceeding to enter into the stipulation in said article II mentioned, but alleges that the making of said stipulation was brought about and made under the circumstances heretofore fully set forth and not otherwise.

Respondent denies that he did not give his fair, impartial, and/or judicial consideration to the objections of the said State commissioner of insurance against the fees allowed to the said receiver and his attorney, respectively, in the litigation referred to in said article II, and denies that in the making of said orders, or either thereof, he had any intention or purpose of favoring or enriching said receiver and his said attorney, or any friend or friends, at the expense of any person interested in said matter, or otherwise or at all.

Respondent alleges that any error made or committed by him in the making of said orders, or either thereof, was not made or brought about as the result of friendship or prejudice, and was made by him in good faith and without any thought, purpose, or desire on his part of being partial, oppressive, excessive, or unreasonable.

Respondent denies that he was and/or is guilty of a course of conduct oppressive and/or unjust, and/or of misbehavior in office as such judge, and was and/or is guilty of a misdemeanor in office by reason of any matter or thing set forth in said article II.

And except as hereinbefore specifically admitted or explained, respondent denies each and every allegation in said article II contained.

ANSWER TO ARTICLE III

For answer to the third article the respondent says that this honorable court ought not to have or take further cognizance of the third of said articles of impeachment so exhibited and pre-



sented against him, because, he says, the facts set forth in said third article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that, therefore, the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said third article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said third article, said respondent saving to himself all advantages of exception to said third article, for answer thereto saith:

Further answering said article, the respondent admits, denies, and alleges, as follows:

## I

Admits that on the 17th day of February 1932 by an order duly made and entered in that certain action then pending in the United States District Court for the Northern District of California, in which action Waukesha Motor Co. was complainant and Fageol Motors Co., a corporation, and others were defendants, he appointed Guy H. Gilbert as receiver of the said Fageol Motors Co. and respondent alleges the facts and circumstances surrounding and leading up to the appointment of said receiver were as follows, and not otherwise:

On the 17th day of February 1932 a verified bill of complaint was filed in the office of the clerk of said court in the action above mentioned. That in said complaint, among other things, the appointment of a receiver was prayed for. That in said action Weinmann & Licking were the attorneys for the plaintiff and Bronson, Bronson & Slaven were the attorneys for defendants. Upon the filing of said bill of complaint, application was made to this respondent for the appointment of a receiver. Upon the filing of the complaint an answer was also filed admitting all the allegations of the complaint and therein stating that the defendant's consent to the relief prayed for. Said answer concludes as follows: "Wherefore the defendants pray that the relief prayed for in the bill of complaint be granted."

The said complaint, the said answer, and an order appointing receiver, with the name of the receiver left blank, was left with respondent's secretary in chambers by counsel for the respective parties during respondent's absence in court, with a request then and there made to said secretary for the appointment of a receiver, and a suggestion for the appointment of a person named by them whose name at the present time respondent cannot recollect. Knowing nothing personally of the person so suggested, respondent granted said application, but appointed one G. H. Gilbert receiver, filling in the blank space in the order so left with the respondent's secretary the name of G. H. Gilbert, who, according to respondent's information and belief, is the same person referred to in said article III as Guy H. Gilbert.

That said order as so prepared by counsel above referred to contained the following clause:

"Decreed that the receiver be, and hereby is, directed within thirty (30) days from the date of this decree, to cause to be mailed to each and every creditor of the defendants known to such receiver, a copy of this order and a notice of a motion to make the receivership herein permanent, such mailing to be in a securely sealed envelope, postage prepaid, and to be addressed to said creditor at the last post-office address known to the said receiver and such service by mail is hereby decreed to be due, timely, sufficient, and complete service of notice of this decree and this suit and of such notice and all proceedings had or to be had herein and upon all such creditors for all purposes."

Respondent alleges, upon and according to his information and belief, within 30 days after making of said order, to wit, on or about the 22d day of March 1932, said receiver, G. H. Gilbert, mailed to each creditor of said Fageol Motors Co., at the address given and as the name of said creditor appeared on the books of said Fageol Motors Co., a copy of said order so appointing said receiver, and a notice to the effect that on the 17th day of March 1932 said receiver would move the said court, so presided over by respondent, for an order making his appointment as temporary receiver, permanent. In addition thereto, said receiver caused to be served, on the 29th day of February 1932, a like notice upon the attorneys for the complainant and also upon the attorneys for the defendants, as shown by their written admissions of service on the back of said notice, and which said notice was filed in the office of the clerk of said court on the 1st day of March 1932. Respondent further alleges that at the time so fixed for the hearing of said motion the same was continued from the 17th day of March 1932 to the 21st day of March 1932, at which time said motion came on regularly for hearing. No opposition was made at said time by anyone to the making of the order requested, and thereupon respondent, as such judge, on said 21st day of March 1932 granted said motion and appointed the said G. H. Gilbert permanent receiver of said Fageol Motors Co., which said order reduced to writing and signed by respondent as judge of said court was filed in the office of the clerk of said court on the following day.

Respondent further alleges that no objection was ever made to him at any time to the appointment of the said G. H. Gilbert, either as temporary or permanent receiver.

Respondent denies that at the time of the appointment of said G. H. Gilbert as either temporary receiver or permanent receiver, he knew the said G. H. Gilbert to be incompetent, unfit and/or inexperienced for his duties as such, and respondent denies that said Gilbert was incompetent or unfit and/or inexperienced for the duties of said office.

Respondent denies that he oppressively and/or in disregard of the rights and interests of litigants, or any litigant in his court, did appoint the said G. H. Gilbert as receiver for the said Fageol Motors Co.

Respondent denies that he ever refused to grant a hearing to the plaintiff, the defendant, or any creditors or creditor, or any party or parties in interest in the matter of the said Fageol Motors Co. of the appointment of said receiver and denies that anyone connected with said litigation ever requested him to grant to said plaintiff or defendant, or any creditor or creditors, or anyone interested in said proceedings, a hearing.

Respondent denies that he caused the said litigants, parties in interest in said matter, or any of them, to be misinformed of his action in regard to the appointment of said G. H. Gilbert as such receiver, either while said Gilbert took the steps necessary to qualify as such receiver or in any other manner or at all, and respondent denies that thereby, or otherwise or at all he deprived said litigants and parties in interest, or any of them, of presenting the facts, circumstances, and conditions, or any of them, of said equity receivership, or the nature of the business and the type of the person necessary to operate the same in order to protect creditors, litigants, and all parties in interest or any of them, and thereby or otherwise or at all deprived the said parties in interest, or any of them, of an opportunity of protesting against the appointment of the said G. H. Gilbert, either as temporary or permanent receiver.

Respondent denies that in any matter or thing set forth or referred to in said article III he was guilty of misdemeanor in office resulting in expense, disadvantage, annoyance, and/or hindrance to litigants or any litigant in his court in the case in said article referred to, and further denies that he was and/or is guilty of a course of conduct constituting misbehavior as said judge and/or that he was guilty, or is guilty of a misdemeanor in office.

And except as hereinbefore specifically admitted, or explained, respondent denies each and every allegation in said article III contained.

## ANSWER TO ARTICLE IV

For answer to the fourth article the respondent says that this honorable court ought not to have or take further cognizance of the fourth of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fourth article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that, therefore, the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fourth article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fourth article, said respondent saving to himself all advantages of exception to said fourth article, for answer thereto saith:

Further answering said article, the respondent admits, denies, and alleges, as follows:

## I

Admits that on or about the 15th day of August 1931, by an order duly filed and entered in that certain action then pending in the United States District Court for the Northern District of California, in which action Character Finance Co. of Santa Monica, a California corporation, was plaintiff, and Credential Holding Co. of Los Angeles, a Nevada corporation, was defendant, he appointed G. H. Gilbert as receiver of said defendant, and thereafter on the 18th day of August 1931, ratified and approved the appointment of Dinkelspiel & Dinkelspiel as attorneys for said receiver.

Respondent alleges that the facts and circumstances surrounding and leading up to the appointment of said receiver were as follows, and not otherwise:

On said 15th day of August 1931 a bill of complaint was filed in the office of the clerk of said court in the action last above referred to. That in said bill of complaint, among other things, the appointment of a receiver was prayed.

That in said action Gold, Quittner & Kearsley were attorneys for the plaintiff. Upon the filing of the said bill of complaint an application was made to this respondent for the appointment of a receiver. At the making of said application the plaintiff was represented by Brice Kearsley, Jr., of the said firm of Gold, Quittner & Kearsley, and the said defendant corporation was represented by its director and vice president, J. H. Stephens, who joined in the request of said attorney for plaintiff for the making of the order appointing a receiver. Thereupon respondent, as judge of said court, made the order so appointing the said G. H. Gilbert receiver as aforesaid.

That in said bill of complaint, among other things, it was alleged that the plaintiff corporation was organized under the laws of the State of California, with its principal place of business in the county of Los Angeles in that State, and was a citizen and resident of said State; it was further alleged that the defendant therein was incorporated under the laws of the State of Nevada, was a citizen and resident thereof, and having its principal place of business in the city of Oakland in the State aforesaid. That the said city of Los Angeles was and is within the jurisdiction of the District Court for the Southern Division of California. It was further alleged that the grounds upon which the jurisdiction depended were diversity of citizenship and the fact that the corporate defendant had property within the jurisdiction of the court, so presided over by your respondent. Said complaint further alleged the amount involved was in excess of \$3,000; that



the plaintiff was the owner of 6,400 shares of class B preferred stock and 3,200 shares of common stock, all issued by defendant, and plaintiff had acquired this stock under an agreement entered into between the plaintiff and the defendant on the 12th day of September 1929 wherein and whereby it was agreed between said parties that plaintiff should transfer to defendant all its assets, alleged to be of the value of \$96,000, in consideration of the defendant issuing to plaintiff the stock aforesaid and assuming and promising to pay certain outstanding indebtedness of plaintiff in the sum of \$15,000. The complaint further alleged, in conformity with said agreement, the plaintiff had transferred all of its said assets to defendant, that defendant had issued said stock to plaintiff, had paid said indebtedness to the extent of \$10,000, but refused and had failed and neglected to pay the balance thereof.

Said complaint further alleged the defendant was engaged in the business of buying, selling, and dealing in real property, both improved and unimproved, and of conducting numerous and divers finance and mortgage companies and thrift banks. It was further alleged that defendant's assets were of the fair, reasonable value of approximately \$1,150,000, and that defendant's indebtedness to various creditors aggregated approximately the sum of \$1,100,000. It was further alleged that on many of its real-estate holdings there existed liens in the form of mortgages or deeds of trust; that sales had already been made under certain of said mortgages or deeds of trust, due to mismanagement of the directors of defendant, and that further sales under other mortgages and deeds of trust were about to be had. It was further alleged that attachments had been levied against the property of the defendant in a suit brought to recover the sum of \$60,000 by the First National Bank of Bakersfield in said State of California; that other attachment suits were threatened; that the defendant had neglected to pay and had permitted to become delinquent taxes on various of its properties and holdings and that the president of said company had improperly and without authority transferred certain of its assets consisting of accounts receivable to various parties for collection and adjustment and that various creditors of the said defendant were pressing their claims for payment and that defendant was without sufficient funds to meet its obligations, the majority of which were past due. It was further alleged in said complaint, in order to prevent a multiplicity of suits—the obtaining of preferences—and to obtain an equitable winding up of the business of said defendant and a just application of its assets amongst its creditors and its stockholders, and also for the prevention of irreparable injury and damage that would result to such creditors and the stockholders of defendant, the appointment of a receiver was advisable and necessary.

Respondent admits that on the 20th day of August 1931 a motion to dismiss the said action was filed on behalf of said defendant, appearing specially for the making of said motion upon the grounds that said bill of complaint was not properly verified and that plaintiff was a resident of the southern district of the State of California and the defendant a resident of the State of Nevada.

Respondent further admits that on the 29th day of August 1931 said motion to dismiss came on to be heard, and at which time plaintiff was granted permission to file a memorandum of authorities. Said motion to dismiss was finally submitted on the 19th day of September 1931 and granted by respondent, as judge of said court, on the 2d day of October 1931.

Respondent further admits that during the pendency of the said motion to dismiss and on the 5th day of September 1931 a petition in bankruptcy was filed against the said Prudential Holding Co., and in which latter proceeding on the 30th day of September 1931 as judge of said court, he made an order therein appointing the said G. H. Gilbert receiver in said bankruptcy proceeding, and thereafter approved the appointment of said Dinkelspiel & Dinkelspiel and others, as attorneys for said receiver in bankruptcy.

Respondent denies that he willfully, improperly, and/or unlawfully took jurisdiction of the said cause in bankruptcy, and denies that he made the order so appointing the said receiver in said bankruptcy proceeding, while sitting in a part of said court to which he had not been assigned at said time. In this behalf respondent alleges that said bankruptcy proceeding had been assigned to the department presided over by the Honorable A. F. St. Sure, one of the duly appointed, qualified, and acting judges of said court. That at the time of the filing of said bankruptcy proceedings Judge St. Sure was absent from the city and county of San Francisco, and respondent alleges that said judge had requested respondent to act for him in all such matters as might arise during his said absence, and for said reason and no other respondent acted for and on behalf of the said judge in the hearing of said application and the making of said order.

Respondent denies that the order made on the 15th day of August 1931 appointing the said G. H. Gilbert receiver in said equity proceeding was made without notice to the said Prudential Holding Co., and further admits that said order was made upon a complaint or petition verified not by plaintiff therein, but by one of the attorneys for plaintiff, and alleges that said verification recited that said attorney had been duly authorized by the plaintiff to verify and file the same.

Respondent denies that the said G. H. Gilbert was appointed such receiver or that respondent ratified the selection by said receiver of Dinkelspiel & Dinkelspiel as his attorneys in an attempt, or in any attempt on the part of respondent to benefit and/or enrich the said receiver and/or his said attorneys, or any of them.

Respondent denies that in the appointment of the said G. H. Gilbert, as receiver, or in the ratification of the said Dinkelspiel & Dinkelspiel, as attorneys for said receiver, said respondent failed to give his fair, impartial, and/or judicial consideration to the application of the said Prudential Holding Co. for a dismissal of said complaint or petition and/or a discharge of said receiver.

And respondent denies that said alleged failure to give such consideration to said application or petition was in an attempt to benefit and enrich or benefit or enrich the said receiver and his said attorneys, or any of them.

And respondent denies that said Prudential Holding Co. was at any time prior to the filing of said notice of motion to dismiss, entitled in law to have said receiver discharged.

Respondent denies that in any matter or thing referred to in said article IV he acted oppressively or deliberately or willfully, or that he misused the powers of his judicial office with the sole purpose, or for any purpose, of benefiting and enriching, or benefiting or enriching, the said receiver and his said attorneys, or any of them.

Respondent denies that he caused the said Prudential Holding Co. to be put to unnecessary delay, expense, and/or labor, or deprived it of a fair, impartial, and/or judicial consideration of its right or rights and/or the protection of its property.

Respondent denies that in any matter or thing set forth or referred to in said article IV he was guilty of misbehavior in office or filled with partiality and/or favoritism, or made any order whatever referred to in said article for the sole or any purpose of benefiting and enriching or benefiting or enriching any personal friend or friends, or associate or associates.

Respondent further alleges that in said receivership in said equity proceeding no fees whatever were allowed or received by either said receiver or his said attorneys and in said bankruptcy proceeding no fees whatever were allowed by respondent, as judge of said court, to either said receiver or to any of his said attorneys.

And, except as hereinbefore specifically admitted, respondent denies each and every allegation in said article IV contained.

#### ANSWER TO ARTICLE V

For answer to the fifth article the respondent says that this honorable Court ought not to have or take further cognizance of the fifth of said articles of impeachment so exhibited and presented against him, because, he says, the facts set forth in said fifth article do not, if true, constitute an impeachable high crime and misdemeanor as defined in the Constitution of the United States, and that therefore the Senate, sitting as a Court of Impeachment, should not further entertain the charge contained in said fifth article.

And now, not waiving the foregoing plea to the jurisdiction of the honorable Senate of the United States, sitting as a Court of Impeachment, as to said fifth article, said respondent, saving to himself all advantages of exception to said fifth article, for answer thereto saith:

#### I

That said article V is so uncertain and indefinite as to time, place, and proceedings that respondent cannot ascertain therefrom with reasonable, or any, certainty, in what proceeding or proceedings, or at what time or times, or at what place or places, his conduct was, as set forth in said article V, and respondent cannot safely proceed to trial as to said fifth article before this honorable Senate, sitting as a Court of Impeachment, at a distance of more than 3,000 miles from where respondent has presided as such judge, as aforesaid, without being apprised in advance in the particulars aforesaid, in order to procure the attendance of such witnesses as may be necessary to meet such charge or charges.

Wherefore respondent, upon the reading and filing of this answer will move the honorable Senate of the United States, sitting as a Court of Impeachment, to require the honorable House of Representatives of the United States, within a reasonable time, to be by it specified, to make said fifth article more definite and certain in the particulars aforesaid, and failing so to do, this honorable body dismiss said article V.

And without waiving but expressly reserving his right to make said motion and to have the same passed upon by the honorable Senate of the United States, sitting as a Court of Impeachment, respondent, answering said article V, admits and denies as follows, to wit:

#### I

Respondent admits that on the 17th day of April 1928 he was duly appointed United States district judge for the northern district of California, and has held such office to the present day.

#### II

Denies that at any time or times, or at any place or places, during his term of office, when acting as such judge, he conducted himself in his said court in his capacity as judge in the making of any decision or decisions, or order or orders in any action or actions pending in his court, and before him as such judge, so as to excite fear and/or distrust, and/or to inspire a wide-spread, or any belief, in and/or beyond said northern district of California, that any cause was or that any causes were not decided in said court according to their merits, but was or were decided with partiality and/or with prejudice and/or favoritism to certain or any individuals or individual, particularly, or at all, to receivers and attorneys for receivers by him appointed, or any of them.

#### III

Respondent denies that at any time in any matter referred to in said article V he displayed a high degree of indifference or



any indifference to the litigants or any litigant in equity receiverships, or in any other proceedings, as to excite fear and distrust, or fear or distrust, and/or to inspire a wide-spread belief, or any belief in and/or beyond said northern district of California that any cause or causes were not decided in said court according to their merits but were decided with partiality and/or with prejudice and/or favoritism to certain or any individual or individuals, particularly, or otherwise, or at all, as to receivers and attorneys for receivers, or any of them by him so appointed.

## IV

Respondent denies that at any time referred to in article V, or at any other time, he so conducted himself in said office and in his capacity as judge as aforesaid as to cause or bring about any scandal and/or disrepute of said court and/or the administration of justice therein, and further denies that any conduct on his part whether referred to in said article V or otherwise, ever was or has been or is prejudicial to the dignity of the judiciary.

## V

Respondent further denies that he ever was or now is guilty of misbehavior as such judge and/or of a misdemeanor in office.

Except as hereinbefore specifically admitted, respondent denies each and every allegation in said article V contained.

And this respondent in submitting to this honorable court this his answer to the articles of impeachment exhibited against him, respectfully insists that he is not guilty of any of the charges contained in any of the said 5 articles of impeachment, and respectfully reserves leave to amend and add to this his said answer from time to time as may become necessary or proper and when said necessity and propriety shall appear.

Dated April 11, 1933.

HAROLD LOUDERBACK,  
*Respondent.*  
WALTER H. LINFORTH,  
JAMES M. HANLEY,  
*Of Counsel for Respondent.*

During the reading of the respondent's answer,

The VICE PRESIDENT. The Chair is advised that several Senators are present who have not as yet taken the oath as members of the Senate sitting as a Court of Impeachment. They will present themselves at the desk and now take the oath.

Thereupon the Senator from Minnesota [Mr. SCHALL], the Senator from Arizona [Mr. HAYDEN], and the Senator from Montana [Mr. WHEELER] advanced to the desk, and the oath was administered to them by the Vice President.

After the reading of the respondent's answer,

Mr. LINFORTH. Mr. President, in obedience to the provisions of the answer just read, and insofar as the fifth count thereof is concerned, the respondent, Harold Louderback, at this time presents a written notice of motion to make the fifth article in the articles of impeachment more definite and certain in the particulars specified in his answer, and we ask that such notice of motion be read and filed.

The VICE PRESIDENT. The clerk will read.

The Chief Clerk read as follows:

IN THE SENATE OF THE UNITED STATES,  
SITTING AS A COURT OF IMPEACHMENT.

THE UNITED STATES OF AMERICA v. HAROLD LOUDERBACK—MOTION TO MAKE ARTICLE V OF THE ARTICLES OF IMPEACHMENT MORE DEFINITE AND CERTAIN

The respondent, Harold Louderback, moves the honorable Senate, sitting as a Court of Impeachment, for an order requiring the honorable House of Representatives of the United States, within a reasonable specified time, to make more definite and certain the charges contained in article V of the articles of impeachment herein in the following particular or particulars, that is to say:

To specify the time and times, and the place or places, and the name or title of the proceeding or proceedings, and the circumstance or circumstances wherein in said fifth article it is claimed the said respondent was guilty of the conduct referred to and set forth therein.

Said motion is made for the reason and on the ground that it is impossible for respondent to be prepared to meet said charges and to summon witnesses in regard thereto without first being advised of the time and times, and the place and places, and the name or title of the proceeding or proceedings, and the circumstance or circumstances wherein in said fifth article it is claimed the said respondent was guilty of the conduct referred to and set forth therein.

And, in the event of the failure of said House of Representatives within the time so fixed to amend said fifth article in the particulars aforesaid, that this honorable body dismiss the charges contained in said fifth article.

Dated April 11, 1933.

WALTER H. LINFORTH,  
JAMES M. HANLEY,  
*Counsel for Said Respondent.*

Mr. LINFORTH. Mr. President, in obedience to the notice, we now, on behalf of the respondent, move this honorable Senate to require the House to specify, in the particulars set forth, the fifth count of the articles, and, failing so to do within a reasonable time, that that article be dismissed. We are ready at any time that will suit the convenience of the Senate or the managers on the part of the House to present the motion.

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House, in order to comply with the suggestion of counsel for the respondent and to save the necessity of considering the motion, consent to attempt to make article 5 more specific and to procure the endorsement of the House of Representatives. It is understood that we cannot of ourselves do these things. They have to be done through the House, but we will undertake to do the best we can.

Mr. LINFORTH. Mr. President, may a time be specified within which that will be done, so that we will be apprised about when the pleadings will be settled in this matter, in order that we may be able to prepare for trial?

Mr. ASHURST. Mr. President, unless the honorable managers, or the honorable attorneys for the respondent, have something further to offer, the Committee on the Judiciary have a number of formal orders they desire to present.

I send an order to the desk and ask for its adoption.

The VICE PRESIDENT. The Senator from Arizona offers an order, which the clerk will read.

The Chief Clerk read as follows:

Ordered, That the managers on the part of the House be allowed until the 15th day of May 1933, at 1 o'clock in the afternoon, to present a replication, or other pleading, of the House of Representatives to the answer of the respondent. That any subsequent pleadings, either on the part of the managers or of the respondent, shall be filed with the Secretary of the Senate, of which notice shall be given to the House of Representatives and the respondent, respectively, so that all pleadings shall be closed on or before the 15th day of May 1933, and that the trial shall proceed on the said 15th day of May 1933 at 1 o'clock p.m.

Mr. LINFORTH. Mr. President, in the consideration of such a motion, it seems to the respondent that the pleadings in this matter should be settled in advance of the trial of the case. As the president and the managers know, these proceedings complained of have their origin in the State of California, more than 3,000 miles from the meeting place of this honorable Senate. In order properly to prepare, and present witnesses, we ought, as it seems to us, have the pleadings settled, so that the issues will be defined at least a reasonable time in advance of the time of trial.

I should like to suggest, if the managers prior to the time suggested can present such replication as they may see fit, after we have been permitted to answer the amendment to the fifth count, that that be done before the day fixed for trial.

Mr. ASHURST. Mr. President, the Senate, of course, sitting as a Court of Impeachment, is the judge not only of the law but of the evidence and the pleadings. The order I have sent to the desk is in strict accord with orders in previous cases, notably, the Archbald case, and particularly the Swayne case, they being in point of time the two nearest cases the Senate has tried.

With all due deference to the suggestion of the honorable attorneys, I suggest to them that the order is in accordance with precedent, but, of course, the managers should be heard, if they wish to make any statement with respect to the subject.

Mr. DIETERICH. Mr. President, I ask unanimous consent to be excused from sitting as a member of this court, and to be relieved of the obligation of the oath I have taken. My reason is that I was a member of the Committee on the Judiciary of the House when this matter was presented to that committee, and I was a Member of the House of Representatives at the time the articles of impeachment were voted. Therefore I do not believe I would be a proper juror in this case.

The VICE PRESIDENT. Is there objection to excusing the Senator from Illinois from acting in the case? The Chair hears none, and the Senator is excused.



Do the managers on the part of the House desire to make any statement in reference to the matter presented by the attorneys on behalf of the respondent?

Mr. Manager SUMNERS. Mr. President, of course—as the honorable Senator from Arizona, the Chairman of the Committee on the Judiciary of the Senate, has stated—this matter is entirely within the control of the Senate. On the part of the managers, I may say to counsel for the respondent, and to the Members of the Senate, that we will be as expeditious as we possibly can be toward the completion of the pleadings on the part of the managers, and will furnish to counsel for the respondent, just as soon as they are completed, copies of everything prepared on the part of the managers of the House.

Mr. HANLEY. Mr. President, in answer to the Senator from Arizona, I may say that in both the Archbald case and the Swayne case 3 days were given for the filing of the replication. The Senator's motion is that the managers be given until the 15th day of May. We do not know the issues that will be framed. Our witnesses cannot meet those issues. Therefore I say to the Senate, sitting as a Court of Impeachment, that before a definite day is set for trial we ought to have the pleadings in the case perfected.

Mr. ASHURST. Mr. President, let me suggest to the Senate, to the honorable managers, and to the honorable attorneys, would it suffice to require the honorable managers to file their pleadings on or by the 10th of May, and that the pleadings or answers on the part of the respondent be filed by the 15th, and trial commence on the 15th?

Mr. LONG. Mr. President, that is not fair. There is no reason why, if they have a replication to file, it cannot be filed in 10 or 15 days. What is the reason why they cannot file it in 10 or 15 days? There does not seem to be any reason. The attorneys ought to have a month to prepare for that kind of a thing. I know something about impeachments. I have been in one.

Mr. BRATTON. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. BRATTON. Under the rules governing impeachment trials Senators are not permitted to engage in colloquies.

The VICE PRESIDENT. The point of order is sustained.

Mr. ASHURST. Mr. President, I suggest that the honorable managers file all their pleadings and their replication by the 10th of May, and that the respondent be given to the 15th of May to file his rejoinder or other pleadings, and that the trial begin at 1 o'clock in the afternoon on the 15th day of May.

Mr. LINFORTH. Mr. President, may I respectfully ask that the suggestion be amended so as to provide that the replication be filed not later than the 1st of May? The replication as a rule consists of a few lines, and if filed by the 1st of May it will give the managers of the House at least 3 weeks.

Mr. ASHURST. That is satisfactory, the 1st of May.

The VICE PRESIDENT. Is there objection to the request that the date be changed to the 1st of May? The Chair hears none, and it is so ordered.

Mr. BLACK. Mr. President, I desire to send an order to the desk, and move its adoption.

The VICE PRESIDENT. The Senator from Alabama presents an order, which the clerk will report.

The legislative clerk read as follows:

*Ordered*, That the answer of the respondent, Harold Louderback, to the articles of impeachment exhibited against him by the House of Representatives be printed for the use of the Senate sitting in the trial of said impeachment.

The VICE PRESIDENT. Without objection, the order is agreed to.

Mr. KING. Mr. President, if I rightly understand the situation, after the replication shall be filed, on the 1st of May, the proceedings will go forward on the 15th. So, acting upon that assumption, I send the following order to the desk and ask that it be read for the benefit of the court.

The VICE PRESIDENT. The clerk will report the order.

The legislative clerk read as follows:

*Ordered*, That lists of witnesses be furnished to the Sergeant at Arms by the managers and by the respondent, and said witnesses

shall be subpoenaed to appear on Monday, the 15th day of May 1933, at 1 o'clock p.m.

Mr. LINFORTH. Mr. President, inasmuch as issue will not be joined until May 1, and not knowing what the issues will be until that time, we ask that it be not required that the list of witnesses be furnished prior to that date.

Mr. LONG. A point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. As I understand, they are to file their rejoinder, or replication, or other pleading, by the 1st of May. Does this order mean that the witnesses are to be summoned to appear on the 1st of May?

Mr. ASHURST. The 15th.

Mr. KING. Mr. President, the order calls for the issuing of subpoenas and the returns so that the witnesses may be in attendance on the 15th of May, the date when it is assumed the trial will proceed.

The VICE PRESIDENT. No date is specified when the witnesses shall be summoned, but they are to be here on the 15th of May, as the Chair understands.

Is there objection to the order proposed by the Senator from Utah? The Chair hears none, and the order is entered.

Mr. BRATTON. Mr. President, I send to the desk the following order, and move its adoption.

The VICE PRESIDENT. The clerk will report the order.

The legislative clerk read as follows:

*Ordered*, That in addition to the rules of procedure and practice in the Senate when sitting on impeachment trials, heretofore adopted, and supplementary to such rules, the following rules shall be applicable in the trial of the impeachment of Harold Louderback, United States judge for the northern district of California:

1. In all matters relating to the procedure of the Senate, whether as to form or otherwise, the managers on the part of the House or the counsel representing the respondent may submit a request or application orally to the Presiding Officer, or, if required by him or requested by any Senator, shall submit the same in writing.

2. In all matters relating immediately to the trial, such as the admission, rejection, or striking out of evidence, or other questions usually arising in the trial of causes in courts of justice, if the managers on the part of the House or counsel representing the respondent desire to make any application, request, or objection, the same shall be addressed directly to the Presiding Officer and not otherwise.

3. It shall not be in order for any Senator, except as provided in the rules of procedure and practice in the Senate when sitting on impeachment trials, to engage in colloquy or to address questions either to the managers on the part of the House or to counsel for the respondent, nor shall it be in order for Senators to address each other; but they shall address their remarks directly to the Presiding Officer and not otherwise.

4. The parties may, by stipulation in writing filed with the Secretary of the Senate and by him laid before the Senate or presented at the trial, agree upon any facts involved in the trial; and such stipulation shall be received by the Senate for all intents and purposes as though the facts therein agreed upon had been established by legal evidence adduced at the trial.

5. The parties or their counsel may interpose objection to witnesses answering questions propounded at the request of any Senator, and the merits of any such objection may be argued by the parties or their counsel; and the Presiding Officer may rule on any such objection, which ruling shall stand as the judgment of the Senate, unless some Member of the Senate shall ask that a formal vote be taken thereon, in which case it shall be submitted to the Senate for decision; or he may, at his option, in the first instance submit any such question to a vote of the Members of the Senate. Upon all such questions the vote shall be without debate and without a division, unless the ayes and nays be demanded by one fifth of the Members present, when the same shall be taken.

The VICE PRESIDENT. Without objection, the order is entered. The Chair hears none.

Mr. ASHURST. Mr. President, the Senate, sitting as a Court of Impeachment, having entered an order that the trial shall begin on Monday, May 15, and in view of the fact that there appear to be some points in the pleadings upon which it may become necessary to pass, I suggest that when the Senate, sitting as such court, takes a recess it recess until Monday, May 1, at 12:30 o'clock p.m. Meanwhile I offer the following order.

The VICE PRESIDENT. The Senator from Arizona offers an order, which the clerk will report.

The legislative clerk read as follows:

*Ordered*, That the Secretary of the Senate communicate to the House of Representatives an attested copy of the answer of Harold Louderback, judge of the United States district court in



and for the northern district of California, to the articles of impeachment, and also a copy of the foregoing order.

The VICE PRESIDENT. Without objection, the order is entered.

Mr. ASHURST. Mr. President, unless the honorable managers on the part of the House or the honorable attorneys for the respondent have something to communicate to the court, I move that the Senate, sitting as a Court of Impeachment, take a recess until Monday, May 1, at 12:30 o'clock p.m.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

Mr. HANLEY. Mr. President, may I suggest to the President, to the Senator from Arizona, and to the other Senators that we ought to have something done with the motion to make the fifth article more definite and certain, and that the Senate, sitting as a Court of Impeachment, ought to adjourn for 4 or 5 days in order to give the House, through its managers, an opportunity to make the article more definite, so that when we go home we will know who our witnesses will be and we will be able to prepare our defense. As article V is now drawn, we are at sea to know how to meet it; we are compelled to defend every official act of Judge Louderback during a period of 5 years. It would require that some two or three hundred witnesses be summoned from California to the Senate in order to defend his conduct unless we knew, with a reasonable certainty, what the article embraces. Therefore I suggest that an adjournment of 4 days might be taken for that particular purpose.

Mr. ASHURST. I can only speak for myself as an individual Senator. I am quite certain that the honorable managers will comply with the request and demand of the honorable attorneys for the respondent and will make their pleadings definite and certain; indeed, I believe they will serve within 5 days on the honorable attorneys the proper papers looking toward making the pleadings more definite and certain. I will ask the opinion of the managers on the part of the House as to that.

The VICE PRESIDENT. Do the managers on the part of the House desire to make a statement concerning the suggestion of counsel for the respondent?

Mr. Manager SUMNERS. Mr. President, the managers on the part of the House contemplate beginning work immediately on article V in order to comply with the suggestion made by counsel for the respondent. We understand, however, that there is a possibility that the House and the Senate may adjourn for a few days very soon, perhaps over Easter—I am not certain about that—but we could be ready in 3 or 4 days if we could find the House and Senate in session so that we could make a return.

May I make the suggestion, if I may be pardoned for doing it, that as soon as the specification with regard to article V is completed, we will be very glad, as I said before, to furnish a copy to counsel for the respondent. I do not know whether or not counsel for the respondent want to remain in the city until we shall have completed complying with their request.

The VICE PRESIDENT. The Chair understands the managers on the part of the House have to go back to the House and obtain authority to amend article V and that there may be some question as to the House being in session during the latter part of the present week. Is that correct?

Mr. Manager SUMNERS. That is the difficulty we confront.

The VICE PRESIDENT. The Chair calls that circumstance to the attention of the counsel for the respondent.

Mr. HANLEY. Mr. President and Members of the Senate—

Mr. Manager SUMNERS rose.

Mr. HANLEY. Excuse me; I will yield to the manager on the part of the House.

Mr. Manager SUMNERS. We feel, Mr. President, that we may say, with reasonable assurance of ability to comply, that we will be prepared by Tuesday of next week.

Mr. LINFORTH. Make it Monday.

Mr. Manager SUMNERS. We are afraid the House may not be in session on Monday.

Mr. LINFORTH. Then not later than Tuesday.

Mr. HANLEY. I suggest, Mr. President, that the Senate, sitting as a Court of Impeachment, adjourn to an early date, because if article V, as amended, is not as definite and certain as we want to make it we ought to be given an opportunity again to present the case to the Senate and state wherein the particulars have not been specified. Therefore the session of the Court of Impeachment ought to go over until some time when we can see that particular amended article V, so that we may know where we stand.

The VICE PRESIDENT. Has the Senator from Arizona any suggestion as to the date to which the recess of the Senate, sitting as a Court of Impeachment, should be taken?

Mr. ASHURST. Mr. President, if counsel for the respondents feel that they cannot adequately prepare or meet the issues or that pleadings ought to be more definite and certain, certainly, in the interest of fairness and judicial procedure, I have no objection to the court adjourning until next Tuesday, April 18, at 12:30 o'clock, at which time the pleadings may be settled.

The VICE PRESIDENT. Does the Senator move that the Senate, sitting as a Court of Impeachment, take a recess until that hour on Tuesday.

Mr. ASHURST. I ask the honorable counsel for the respondents if that will be satisfactory to them?

Mr. LINFORTH. That is entirely satisfactory.

Mr. ASHURST. Then, I move, if it is also satisfactory to the managers on the part of the House, that the Senate, sitting as a Court of Impeachment, take a recess until 12:30 o'clock p.m., on Tuesday next, April 18.

The VICE PRESIDENT. The question is on the motion of the Senator from Arizona.

The motion was agreed to; and (at 2 o'clock and 10 minutes p.m.) the Senate, sitting as a Court of Impeachment, took a recess until Tuesday, April 18, 1933, at 12:30 o'clock p.m.

#### RELIEF OF AGRICULTURE

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business.

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The VICE PRESIDENT. The Senator from Florida had the floor at the time the impeachment proceedings began on the motion submitted by him, but, the unfinished business now being before the Senate, the Senator from South Carolina [Mr. SMITH] is recognized.

#### 6-HOUR DAY 5-DAY WEEK—MOTION TO RECONSIDER

Mr. BLACK. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BLACK. The Senator from Florida [Mr. TRAMMELL] has already begun his remarks on his motion to reconsider. I do not know of any reason why that motion cannot be disposed of in a short time. I have discussed the matter with the Senator from Florida, and, while he desires to continue his remarks, I understand that they will be completed within a reasonable time, probably in 20 or 30 minutes, as I understood the Senator.

Mr. TRAMMELL. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Florida?

Mr. BLACK. I yield.

Mr. TRAMMELL. I said to the Senator, and I repeat, that, so far as I am concerned, I would probably not occupy over 20 or 30 minutes longer, and that I myself had no objection to a disposition of the motion by a unanimous-consent agreement. But, of course, as to that I cannot speak for anyone except myself.

Mr. BLACK. Mr. President, insofar as I am concerned, I might want to take 4 or 5 minutes, certainly no longer, and, since we have already begun on this matter, and it would require in order to bring it up another adjournment if it should not be proceeded with now, I should like to ask



unanimous consent that the unfinished business may be temporarily laid aside, in order that we may proceed with and conclude the consideration of the motion of the Senator from Florida.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Alabama make a unanimous-consent request to the effect indicated by him?

Mr. BLACK. I do.

The PRESIDENT pro tempore. Is there objection?

Mr. SMITH. Mr. President, before that is done, I wish to say a few words. I have already stated the urgent necessity for the passage of the pending bill. I appreciate that by having an adjournment until this morning we lost 2 hours today which might have been devoted to the pending bill, but the adjournment was taken in order to afford an opportunity to dispose of the motion of the Senator from Florida. Personally, I think that the motion ought to be disposed of, and, it now being 10 minutes after 2 o'clock, so far as I am concerned, as the Senator managing the pending farm bill, if the motion can be disposed of by 3 o'clock I am willing to accord that length of time, at the expiration of which time I shall be disposed to call for the regular order.

Mr. HATFIELD. Mr. President, I am quite sure there are several Senators on this side of the aisle who will want to address themselves to the motion of the Senator from Florida. That being so, I shall have to object.

The PRESIDENT pro tempore. Objection is made.

Mr. BLACK. May I ask the Senator from West Virginia if he objects to considering the motion now?

Mr. HATFIELD. Taking into consideration what the Senator from South Carolina [Mr. SMITH] has said, that he would object to considering the motion after the hour of 3 o'clock, I do not believe, Mr. President, that it can be disposed of within that time, and for that reason I made the objection. There are absent from the Chamber at the present time some Senators who are interested in the motion and who wish to discuss it.

Mr. BLACK. Mr. President, I regret very much that the Senator from West Virginia objects to making an effort to dispose of the motion. I cannot see why he should do that unless he desires to delay the measure. If he objects to making progress, it is an indication that he does not want progress made. The Senator from South Carolina did not object; the Senator from West Virginia is objecting.

Mr. HATFIELD. Mr. President, if the Senator will yield, I do not believe that my record here will justify the statement the Senator has just made, that it is my purpose at any time ever to delay any question that is before the Senate. I made a statement upon this bill when it was pending; and not only that, but I offered an amendment. That amendment, I think, is of paramount importance in connection with the adoption of the proposed law, and until the Senators who represent States that adjoin the Canadian border and who are absent at the present time are heard, I must object.

The PRESIDENT pro tempore. Objection is made.

Mr. BLACK. Mr. President, I assume, then, that the Senator is not objecting for himself, but is objecting for someone else. I should like to ask the Senator, if a quorum is called and the other Senators do not object, whether the Senator himself will then repeat his objection.

Mr. HATFIELD. No; I have no objection to the consideration of the motion at this time, provided a quorum is called and there is no objection made upon the part of any other Senator who is interested in the motion.

Mr. BLACK. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Brown
Ashurst	Bankhead	Bone	Bulkley
Austin	Barbour	Borah	Bulow
Bachman	Barkley	Bratton	Byrd

Byrnes	George	McAdoo	Schall
Capper	Glass	McCarran	Russell
Caraway	Goldsborough	McGill	Sheppard
Carey	Gore	McKellar	Shipstead
Clark	Hale	McNary	Smith
Connally	Harrison	Metcalf	Steiwer
Coolidge	Hastings	Murphy	Stephens
Copeland	Hatfield	Neely	Thomas, Okla.
Costigan	Hayden	Norbeck	Thomas, Utah
Couzens	Johnson	Norris	Townsend
Cutting	Kean	Nye	Trammell
Dickinson	Kendrick	Overton	Tydings
Dieterich	Keyes	Patterson	Vandenberg
Dill	King	Pittman	Van Nuys
Duffy	La Follette	Pope	Wagner
Erickson	Lewis	Reed	Walcott
Fess	Logan	Reynolds	Walsh
Fletcher	Loneragan	Robinson, Ark.	Wheeler
Frazier	Long	Robinson, Ind.	White

The PRESIDENT pro tempore. Ninety-two Senators having answered to their names, a quorum is present. The question is on the unanimous-consent request submitted by the Senator from Alabama that the unfinished business be temporarily laid aside and that the motion of the Senator from Florida [Mr. TRAMMELL] be considered. Is there objection?

Mr. McNARY. Mr. President, after some investigation and inquiry in view of the importance of the subject, it is my opinion that it could not be disposed of by 3 o'clock, but would probably require the rest of the afternoon. I do not know how generous the Senator from South Carolina [Mr. SMITH] cares to be.

Mr. SMITH. Mr. President, I have stated I would not consent to have the matter go beyond 3 o'clock. In view of what the Senator from Oregon states it would seem that it is idle to begin until such time as we may both begin and conclude the matter.

Mr. BLACK. Mr. President, I desire to state to the Senator that I have been unable to find anyone—and I have asked a great number of Senators—who desires to discuss the motion except the Senator from Florida himself. It may be I have not talked to the right Senators.

Mr. McNARY. My information is different and I think more accurate. There are some Senators representing States along the border who desire to be heard on the motion. There is no desire on the part of those on this side of the aisle to prolong the discussion. However, it is an important subject, and they want to be able to present it thoroughly. If the Senator from South Carolina is willing to give sufficient time for its consideration, I shall make no objection, but I could not consent and I will not consent at this time to the conclusion of the argument and a vote at 3 o'clock.

Mr. SMITH. Mr. President, in view of the statement made by the Senator from Oregon that, though the discussion went on, at the expiration of the time I have indicated we could not reach a vote, I think we might as well proceed with the regular order, because nothing would be accomplished except to hear some of those who care to discuss it and then no vote be reached.

Mr. BLACK. Mr. President, I ask unanimous consent that when the Senate concludes its business this afternoon it adjourn until tomorrow.

The PRESIDENT pro tempore. Is there objection?

Mr. McNARY. Mr. President, in the absence of the able leader on the Democratic side, the senior Senator from Arkansas [Mr. ROBINSON], who was just a moment ago called from the Chamber, I could not consent at this time to the unanimous consent proposed.

The PRESIDENT pro tempore. Objection is heard.

Mr. SMITH. That question can be brought up before we conclude our session this afternoon. I call for the regular order.

The PRESIDENT pro tempore. The regular order is demanded.

#### RELIEF OF AGRICULTURE

The Senate resumed consideration of the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The PRESIDENT pro tempore. The clerk will state the pending amendment.



The CHIEF CLERK. The Senator from North Dakota [Mr. FRAZIER] has offered the following amendment to the committee amendment which is pending: On page 12, line 2, after the word "commodity" and the period, insert the following:

In computing the current average farm price in the case of wheat, premiums paid producers for protein content shall not be taken into account.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Dakota to the amendment of the committee.

Mr. FRAZIER. Mr. President, this language is taken from the old allotment bill, H.R. 13991, which was passed by the House during the last session and was considered by the Senate Committee on Agriculture and Forestry. The provision is for the protection of the wheat growers who have the peculiar quality of wheat known as protein content, and are paid a premium over the market price. All the amendment would do would be to insure to the wheat grower who has that high quality of protein wheat, whether it be hard spring wheat or some variety of winter wheat that has that quality, that he would be paid the protein premium in advance of and over the regular market price of wheat.

The PRESIDENT pro tempore. The question is on the amendment of the Senator from North Dakota to the amendment of the committee.

The amendment to the amendment was agreed to.

The PRESIDENT pro tempore. The question now is on the committee amendment as amended.

The amendment as amended was agreed to.

The PRESIDENT pro tempore. The next amendment will be stated.

The CHIEF CLERK. On page 13, line 14, strike out the word "act" and insert the word "title."

Mr. BLACK. Mr. President, recurring for the moment to the motion of the Senator from Florida [Mr. TRAMMELL] which was under discussion earlier in the afternoon, I desire to state that I received information on yesterday, not with reference to the Senator from Florida, who made the motion, nor with reference to any other Senator, that an effort is being made by the president of the National Manufacturers' Association and the National Chamber of Commerce to delay action upon the bill; that they desire in every way possible to cooperate to try to prevent action in this body.

It is my intention to seek to have the Senate adjourn today in order that the motion may be taken up tomorrow during the morning hour. I have no desire whatever to bring about any precipitate action in connection with the measure. The Senator from Florida has made a motion to reconsider the vote by which the bill was passed, which he has a perfect right to have considered, and which I desire that he shall have considered. He has submitted the motion with the idea of presenting certain facts to this body and has partially proceeded along the line of his argument, ably presenting the viewpoint that he desires to bring to the attention of the Senate.

I know that the Senator from Florida has no desire to prevent action upon the measure; but I desire to state now that if there does develop tomorrow, in line with information which has come to me, the manifest intention to prevent action on the measure, while I do not ordinarily believe in making motions to table, yet I shall certainly give the Senate an opportunity to vote on such a motion tomorrow during the morning hour.

Mr. TRAMMELL. Mr. President, in view of the statement made by the Senator from Alabama about what he has heard with regard to manufacturers' organizations, and so forth, I desire to say a word. I believe the Senator probably vindicated me in his statement. Personally, I have had no such experience. I have not heard anything of the kind from them.

At the time I made the motion, I think on Friday of last week, my inspiration for making it was that some people in my State engaged in the lumber business, and engaged in the phosphate business, and engaged in cigarmaking, and engaged in the production of tobacco wired me that under

these restrictions, where American products produced by American labor were prohibited from entering into interstate-commerce territory unless it was established that the restrictions contained in the bill under discussion had been complied with, and with foreign-made products of the same character, made by labor working all kinds of hours for all kinds of wages, permitted to come in freely, they were very apprehensive that that would prove very detrimental to their industry and labor in such industry.

I have received, and I think my colleague [Mr. FLETCHER] has received, some telegrams from the cigar industry. I have been at least going along with the idea of the 6-hour day and the 5-day week, because I have always been sympathetic with labor. I have always been their friend. I have helped them in many a battle—I dare say as many as my good friend from Alabama, and I think he has always been a good friend of labor. But it was upon that basis that I came over rather hurriedly to see if the measure had been sent to the House in order that I might enter this motion.

I never heard from any manufacturers' organization, or anybody of the kind. I care nothing about them. I always try to treat a manufacturer fairly, but he would have no undue influence at all with me on the question of hours or the question at issue in this bill. I dare say there have not been as many as half a dozen manufacturers who have written me on the subject. I will say that 6 to 8 at most, including our Florida people, have written me. In fact, I do not think I have received over three communications from outside the State of Florida. I merely wanted us to have an opportunity to consider again on its merits the question whether or not we were going to put inhibitions on the sale of products made entirely by American labor and manufactured by American manufacturers that would necessarily increase the cost of the production of those commodities, and if, on the other hand, we were going to allow foreign labor without any restrictions whatever to make their goods and bring them into this country and sell them in this interstate territory. I cannot help but believe that that is a course that is detrimental to our American labor; and as a friend of the American laboring men I therefore entered this motion.

Now, as to the other question, I have tried to get the motion considered today, and I called it up today; but I knew nothing of the impeachment proceedings coming up today. I thought we would have an hour and a quarter or more to devote to the motion when I called it up. I gladly agreed with the Senator, and so far as I am concerned I will agree now on a limitation of about an hour. I should be very glad if we could have the motion taken up and considered and disposed of within an hour's time, and I have no objection to such a plan, but favored it.

Mr. LONG. Mr. President, I have no interest at all in the 30-hour bill except to carry out the promise that our candidate made to the people, and that our party made to the people.

Our party promised the people of this country an immediate, substantial reduction in the working hours and working days. I do not know just what particular part the party has played in this bill since we have inaugurated our new administration; but as a member of the party, having been one of the members of the convention that adopted this platform, and having had some little, insignificant part in explaining the virtues of our candidate's promises and the promises of the platform, I was interested in seeing this legislation enacted into law.

I do not understand that the proponent of the bill that we now have under consideration expects much good to come from it whether we pass it or not. In other words, I have before me the few remarks made by the senior Senator from South Carolina [Mr. SMITH] yesterday, and I read about seven of those lines. He said:

So far as the pending bill is concerned, I am going to let it take its course, hoping and praying that it may bring about the result which those who drafted it and are putting it through hoped it might, but if I do not believe it will, I am not going to subordinate my convictions to those of anybody else. I am



not throwing monkey wrenches into the machinery, but I am not going to attempt to extol that which I do not think worthy of being extolled, or to advocate that which I do not believe will do the work which the poor farmers need to have done. No; I will not.

From reading this statement by the distinguished Senator, whose convictions are never subordinated to the circumstances of the time or the will-o'-the-wisp of politics, I am constrained to believe that the Senator from South Carolina does not think much of the bill that we have up before the Senate at this time. In fact, I think too much of the intellect of the Senator, even though he had not said anything, to think that he thinks there is anything in this bill that is going to help anybody to any appreciable extent. That being true, the Democratic Party having promised immediate action to reduce the working hours, and the candidate having been elected largely on that promise and others of its kind, it seems to me that the party's duty now is to go ahead and get this 30-hour bill over to the other House of Congress.

I do not believe that the Senator from South Carolina will want to delay something that is good and virtuous, and has been promised, in order that this illustrious product of the pen of, as I understand, the Honorable Mordecai Ezekiel may have further consideration, to the detriment of other legislation. Perhaps I misinterpret what I believe is in the Senator's mind.

Mr. SMITH. Mr. President, I desire to say that I think the pledge of the party to relieve agriculture was just as binding as the pledge of the party to relieve labor; and no matter what may be the opinion of any Senator in reference to the different principles or the different parts of this bill, I think it is the duty of the Senate and of the Congress to pass legislation for the relief of agriculture, and to do it to the very best of their ability, making it as effective as we are capable of making it.

For that reason, as long as I have charge of this bill or am chairman of the Agricultural Committee, I shall insist that we address ourselves to the relief of agriculture. After we have experimented with the railroads, after we have experimented with the banks, after we have experimented with the insurance companies, I think we have all come at last to understand that if we are to have relief from this terrible depression we must have it through a rise in commodity prices and the distribution of wealth throughout the agricultural and laboring classes so as to increase their purchasing power.

I do not believe this bill, if it were perfect, or the banking and currency bills that we have passed, can avail until we address ourselves to an expansion of the currency to a point where there will be such a cheapening of the purchasing power of the dollar as to raise adequately the purchasing power of commodities. We should have addressed ourselves to this currency question when we first convened and should have seen to it that the water in the stream of commerce was amply adequate to float all the vessels of communication between supply and demand. We have an unusual supply; we have a heart-breaking demand; and yet, bound by the shackles of conventional rules in reference to currency, we are suffering 12,000,000 people to be jobless and other untold millions to be threatened with the dispossession of what they think they own, or in which they have an equity. It is our duty now, before this session of Congress shall adjourn, to find relief from the terrible money stringency that is throttling commerce and destroying the hopes of the American people.

It is an indictment of the intelligence of the American people that we have an abundance of food, clothing, building materials, and all the luxuries that a nation should have, and in the midst of that have starvation, hunger, bankruptcy, and bank moratoriums. It is an indictment of our intelligence or our capacity to distribute the blessings of Providence and the wonderful gifts of the gods to us.

Here we are treating symptoms. We have dug a hole around the banks and let enough water trickle in to float them. They can go nowhere. The water in the stream of commerce is so low that Congress has addressed itself to

digging holes in order to float them. They cannot go anywhere. They simply float; and here we are, attempting with the farm relief bill to raise the price of farm commodities when it is notorious that the people who consume the farm commodities have not now enough money to pay for them at the present bankrupt price that the farmer has to take!

That is not only true of farm products but it is true of the factory; it is true of the railroads; and why? Because we have not the ability to grasp the problem and solve it for the benefit of the distressed American people. We have heard Senators here denounce inflation. Take the picture from 1914 to 1920, in the midst of the most destructive period civilization ever saw, and in the midst of it the greatest prosperity that ever blessed America. Cotton rose to 40 cents a pound, wheat to \$3 a bushel, labor to \$12 to \$14 a day. Old mortgages were paid. Old debts, against which the statute of limitations had run, were met and canceled. Enterprises were booming throughout the country. That kept up until May 1920. That was a period that was scornfully referred to as "the period of inflation." Then the board of governors of the Federal Reserve Board met, the advisory council, and the presidents of the 12 several banks, and they decided to deflate. Then began the toboggan slide which has resulted in the deflation of this hour.

Take the picture from 1920 to 1932, the period of gradual and then accelerated deflation, and compare it to the picture from 1914 to 1920, when the Federal Reserve Act first came into force, and was administered by its friends and a Democratic administration.

In the era from 1914 to 1920, prosperity and happiness characterized America, so far as business was concerned. In spite of the boom of the cannons in the fields of Europe, and the destruction of lives, here we were in the midst of the greatest prosperity the United States ever saw. Then deflation set in, brought on arbitrarily by that unthinkable crime of May 1920, and from that date to this we have gradually lessened the bargaining power of the masses until today we stand with real wealth beyond any kind of dream of mankind, and the power to distribute it and avail ourselves of it is denied us by a handful of bankers and their cohorts, who have strangled us and brought us to where we are, an indictment of every Senator.

Here we are today, asked by the President of the United States practically to suspend our judgment and our operations and give him a chance. Sometimes I feel like resenting it, but when I think what we have allowed the country to come to, I think that perhaps he is right. God knows we have not cured the evil. We go into our committee rooms and argue for days and days about the gold standard, and not one there understands what it means. We argue about the rehabilitation of silver, and not a man can explain the exchange value in terms of the movement of commerce. What we do know is that we are in the worst fix that ever a civilized people were in, in view of the magnificent gifts of Providence to us.

We cannot shift the responsibility, actually depending upon money, not upon the gifts of Providence. We have all the wealth America could possibly desire, and in the presence of all that, here we are, doling out a little gift to the young men who cannot make a living, getting them together in camps, giving them \$30 a month if they will sign a contract that they will send \$25 of that back to the helpless mother and children. My God! Have we got to where we have to debauch American citizenship at the threshold of life by making the young men the pensioners of the dole of their Government, and, with lifted brow and a wise air say, "Do not expand the currency. For God's sake, keep away from inflation."

If inflation will relieve us of this death, a man is not a patriot who would not vote for it in any form in order to relieve the situation. Whenever, by virtue of our banking laws, we compel an American citizen to hold out his hand for charity we destroy an American citizen by destroying his self-respect. With all due deference to those who formulated our forestry program and the concentrating of these boys, every man who enters one of those camps is changed



forever in his attitude of manhood and his attitude toward his Government. It is tantamount to saying that in America there is no place for him to work out his own destiny and create a sufficiency for himself. It is tantamount to saying that, with other surpluses, we have a surplus of human beings in the United States.

Mr. President, I am looking for someone to introduce a bill to enforce birth control in order to get rid as nearly as possible of a portending increase of population. Why not? If there are 12,000,000 more than we can take care of now, what is the reason for raising another crop? We are asked to reduce cotton production because we cannot take care of what we have, and there is a demand for reduction in the production of wheat. Then is it not more than logical to ask for a reduction of 50 to 75 percent of the human crop? Why not? We are rendering ourselves ridiculous, and we ought to be rawhided for our inability to take care of the riches God has granted us and exhibit them for the blessing of the teeming American millions.

Mr. President, I want this bill as nearly as it can be made a blessing to agriculture. I will vote for every feature of it which I think can be helpful to the man in the field. I reserve the right to resist that which I do not think would be helpful, but would be disadvantageous to him.

As I said yesterday, I repeat today, no man on this floor is better qualified to know what are the needs of the man with the hoe and the man between the plow handles than myself. The philosophy of salvation rests upon the doctrine of personal experience. With all the power of the Deity, He could not save mankind, though He tried prophet, priest, and king, until He himself became a human being, born in a stable, to walk the lonely road which humanity has to walk, and if God could not save humanity without himself becoming a laborer, how do we expect the farmer to be saved by those who know not his tribulations, his problems, his home life, what it means for a man to see his own mother working her beautiful hands into unseemly sights, either in the field or at the washtub, seeing her have the beauty and bloom of her cheeks smitten away by the hard grind of labor, in order to do something for the children whom God has granted her?

Mr. President, those who live in comparative wealth, and are clothed in purple and fine linen, and fare sumptuously every day, cannot write an agricultural bill for me.

As has been said before, I hope that none who are opposed to this bill will oppose it for any political reasons, but if they find anything in it they think is wrong and not helpful, that as men they will stand up and give their reasons, and that they will stand here like men and vote for whatever is helpful.

I propose to do the best I can during the consideration of this bill to carry a measure of hope and gladness back to the millions who are out on the farm, who are voiceless here, who, unfortunately, are the "Chinese" of American economics, disorganized, individualistic, by virtue of their calling, but upon whom rests the whole superstructure of America's life now and for the future. Let us all unite to make this bill, regardless of who drafted it, as perfect and helpful as we can make it.

Mr. President, I am sorry to have taken up so much of the time of the Senate, but when one has a burden on his heart, there come times when he must get rid of it in some way.

#### CONCERNING DEMOCRATIC PROMISES

Mr. LONG. Mr. President, I had not completed my remarks when the Senator from South Carolina took the floor, but I became deeply interested in what he said. The voice of the Senator from South Carolina expresses the feeling of at least 119,000,000 people of the United States today. What the Senator from South Carolina has said here in the last few minutes portrays the situation with 119,000,000 people in this country.

Mr. President, I am not informed, I will say to the Senator from South Carolina, but that the bill we now have before us was written by those who he says "fare sumptuously" while preparing a farm bill. The fact of the matter

is that I have read the hearings, and it appears that this is one of that kind of bills. It has not come from the hands of the Senator from South Carolina to any extent.

I can understand the talk of the Senator, and I believe he knows something about farming and farm problems. I have studied valiantly for the last 24 hours to understand the "genius" behind this bill, as the Senator describes it, but I have been unable to do so. I have studied the tables I put in the RECORD yesterday, so that other Senators might study them, and I cannot understand this kind of language from one of the penmen of the bill, speaking of the price of hogs again:

The demand curve—

Says the pen of Mordecai Ezekiel—

for a given period may be thought of as moving forward through time and "generating" a solid surface in its wake. The curve would move forward with a generally upward trend, swinging above and below the trend in more or less rhythmic fashion with changing industrial activity, and also moving up or down slightly from time to time in response to changes in the price of alternative products, in the storage supplies, and in foreign demand. In addition the shape of the curve itself must be thought of as changing as it moves forward, the growing demand implying not merely an upward shift in the curve, but also a tendency for the shape of the curve itself to change.

[Laughter.]

I say, Mr. President, that I can understand the talk of the Senator from South Carolina; I can understand the superindignation he feels—that here we are with so much to eat and wear that we cannot enjoy it, and we have made ourselves ridiculous by not distributing the wealth among the people. I understand that kind of talk; the people of the United States understand that kind of talk; but, in dealing with these theories which come from the pen of the immortal Mordecai, I refer myself back to the Scriptures, to see whether or not we are not seeing them reenacted here in this present day and time.

[Demonstrations of laughter in the galleries.]

The PRESIDING OFFICER (Mr. LA FOLLETTE in the chair). The Chair will have to admonish the occupants of the galleries that demonstrations are not permitted under the rules of the Senate.

Mr. LONG. I read from the seventh chapter of the Book of Esther, ninth to the tenth verses, as follows:

And Harbonah, one of the chamberlains, said before the king, Behold also, the gallows 50 cubits high, which Haman had made for Mordecai, who had spoken good for the king, standeth in the house of Haman. Then the king said, Hang him thereon.

It looks to me, Mr. President, that if the modern Mordecai prepared these gallows at the sacrifice of his own efforts in order that he might save the farmers, he has made a similar mistake to that made by Haman, for it is not going to be Mordecai but the people who are going to hang on this thing. It seems that Mordecai of that day occupied about the same position as the modern Mordecai does to the farm legislation now pending in the United States Senate.

In the tenth chapter of the Book of Esther, the tenth verse, it says:

So they hanged Haman on the gallows that he had prepared for Mordecai. Then was the king's wrath pacified.

Apparently he is the progenitor of this particular legislation.

Mr. CAREY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Louisiana yield to the Senator from Wyoming?

Mr. LONG. Yes, sir; I yield to the Senator from Wyoming.

Mr. CAREY. I should like to ask the Senator from Louisiana if Mr. Mordecai Ezekiel is not the assistant to the Secretary of Agriculture, having been selected as economic adviser?

Mr. LONG. Yes, sir; he is connected with the Democratic administration. We got him from the Republicans; he is one of our inheritances; he is one of the failures described by our "new deal" rather than of the "new deal" itself. This book prepared by Mr. Mordecai Ezekiel was



prepared when he was working under Mr. Arthur Hyde, and he was kept over to administer affairs for us.

Why that is so I cannot understand. I remind the Senator from South Carolina and others connected with the conception and passing of this proposed legislation that we went out in the campaign telling the people of America we were going to get rid of these theorists who had failed in the Agricultural Department and the Treasury Department and in the Federal Reserve Board and in various other positions of power; but every time we try to do something to unravel this orgy of misery and extravagance and distress and starvation, we are presented with something that is the handiwork of one of that clique that we promised 120,000,000 people we were going to kick out of office when we got in. That is the source from which comes the bill the Senator from South Carolina is having to sponsor now. I feel sorry for the Senator. I am glad he is chairman of the Committee on Agriculture and Forestry; I am glad I am one of the nondescripts on the outside when it comes to the chairmanship or to membership on that committee.

Mr. President, we came along with a banking bill to correct the distress that has been caused by the Federal Reserve Bank Board and the Treasury Department as the laws were administered by them during the last 12 years. We found the currency deflated; the banks breaking; the purchasing power in the hands of the masses practically gone, and, in order to get legislation to correct this tragedy of events, we have allowed the same clique to fortify themselves with a number of others who did not dare to show their faces here when Herbert Hoover was President, but who worked behind the veil. We have allowed even the partners of Morgan & Co. to come here and attach themselves to this clique which is drawing the laws, and they have brought about a situation that is twofold more the son of hell than what we promised to rectify in the election we held on the 8th day of last November. Parker Gilbert, from Morgan & Co., Leffingwell, Ballantine, Eugene Meyer, every one of them is here; and whatever you try to concoct—I do not care whether it is by the genius of the Senator from California or from the Chairman of the Banking and Currency Committee, the Senator from Florida, or whether it comes from the House, we here in Washington know that they have got this thing in hand. What is the use of hemming and hawing about it? We know who is running this thing.

They have closed thousands and thousands of banks in the United States since the 3d day of March, and they have not finished with their work yet, if they shall have their way and shall be permitted to stay here, as every one of them is now staying. And here we are fishing with that "dad-gummed" kind of a thing called a farm bill to relieve the distress that is prevalent among the farmers of the country today.

Why are we not going to get rid of the Federal Reserve Board? I stood on this floor and demanded that that be done. I want to say that I heard through reliable channels that there was not any doubt that we were going to remove that board; that, in the position I took, I was reckoning without my host; that the Federal Reserve Board was going to be removed and that we were going to have a liberalization in the administration of the Treasury Department and the Federal Reserve Board. I heard that from sources that inspired me to confidence, but we have not seen that done.

Mr. President, as time went on and matters began to grow worse, we were informed by the press that we were doing things at a rapid rate to improve conditions. This morning I stepped over to the American Federation of Labor, and they said, "Senator, there are nearly 200,000 more men out of work now than were out of work on the 4th day of March." And that is not all. I telephoned a leading executive of one of the largest corporations in this country so that I might get the other side of the tale. He said, "Only a few days ago I realized that I had to reduce the employees in one department. I called in one man and discharged him. He immediately committed suicide. I called in a

lady and discharged her, and she fainted; so I cut her wages in half and took her back. I called in another one to discharge her, but she was going up to the top of the building and jump off, so I hired her back. That," he said, "is the condition prevailing, even in this executive department which I am undertaking to handle." If any Senator questions the veracity of the statement which has been furnished me, I shall be pleased to give him, in private, the names and addresses of my informants and the particulars of what they told me. There is not any use messing around about the situation; there is not any use talking about it.

We had a 30-hour-week bill here. It was proposed in order that good might be accomplished, and it would, I think, have done good. We were going to say that the iron machines that have put thousands of men out of work would be taken into account in sharing the work opportunities in this land. The day the drag line levee builder was invented, by which 2 men could build as many levees in a week as a thousand men could build, 900 men were put out of work. The Democratic Party had promised, and the Republican Party had made about the same promise, though not so sincerely, I am thankful to say, to shorten the hours of work. I have not seen anything done here to indicate that we were doing very much to pass the 30-hour week bill as an administration project. I have not seen anything here to indicate that there is anything like the same pressure and power behind the bill to give everybody some work to do by shortening the hours of labor as there was behind the economy bill. But we passed the nefarious, iniquitous economy bill. I received a letter from one of the soldiers, which I will read:

APRIL 5, 1933.

HON. HUEY P. LONG.

DEAR SIR: Now that my compensation has been cut I will have no further use for my teeth.

Will you please present them with my compliments to some Senator who will be able to use them?

Very truly yours,

JOHN MCBURNIE,

818 Chester Williams, Los Angeles, Calif.

[Laughter in the galleries.]

Mr. LEWIS. Mr. President, will the Senator from Louisiana permit me to interrupt him?

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Louisiana yield to the Senator from Illinois?

Mr. LONG. I yield for a question or for a confession only.

Mr. LEWIS. Mr. President, I answer that by saying I have no confession to make, but when I have one to make it will be one with teeth in it. [Laughter.]

Mr. President, I rise to ask that the Chair direct the Sergeant at Arms to preserve order in the galleries. The Senate is treated from time to time by those in the reserved galleries and in the other galleries as if this were a moving-picture theater. There may be moving-picture performances in this body, to our regret, but the Senate is not a moving-picture assemblage. I beg to call the attention of those in the galleries to the fact that this is the United States Senate; its rules are well understood and its dignity, and we ask on the part of our guests such decorum as becomes both the assemblage and the speaker who holds his audience.

The PRESIDING OFFICER. The Senator from Louisiana will suspend while the Chair states to the occupants of the galleries that they are here as the guests of the Senate and, under the rules of the Senate, must desist from any manifestations of levity or of approval or disapproval.

Mr. LONG. Now, Mr. President—

Mr. LEWIS. Mr. President, as the Senator has been so courteous as to say he would yield to me for a question, I desire, instead of a question, to say to the Senator, with reference to his intimation concerning the 30-hour bill being an administration measure, that it has been brought before this body, its virtues have been set forth, opposition to it has been declared; but there has been nothing anywhere at any time, so far as I am informed, that indicates that it is presented as an administration measure. It is a measure



before the Senate, introduced and presented by an individual Senator.

Mr. LONG. Mr. President, that is exactly my understanding of it; but that measure, or something like it, has been promised by the Democratic Party. It has not only been promised by the platform; it has been promised by the candidate and by those of us who were sent out to speak for the candidates and for the party. Before I went out to make any speeches I asked the candidate himself if we were to speak along that line, and I was informed that we were, and the candidate himself made some speeches along that line.

I want to ask, Mr. President, what has gotten wrong with the party? We have a bill here that has been adopted as representing the wisdom of a large majority of the party and of a large majority of this body, and then the National Chamber of Commerce and the National Economy League and the manufacturers' association get in the way of it. What has gotten wrong with us that we do not make it an administration measure and try to put it through here?

We made the economy bill an administration measure and it went through so fast it looked as if it was greased. We made the economy bill an administration measure, taking money out of the pockets of the people who needed it, Mr. President; we cut the wages of employees to such an extent that we knew they could not live on what was left. Do you think, Mr. President, I am the only man who thinks that? I will read to you a little newspaper clipping printed in the Washington Herald of this morning:

UNITED STATES AVERAGE PAY TOO LOW, MRS. F. D. SAYS—FIRST LADY ATTACKS MARRIAGE CLAUSE IN THE ECONOMY ACT

The average Government salary is too low to support a family of more than two in her opinion, Mrs. Franklin D. Roosevelt told reporters yesterday at her weekly press conference.

Defending the stand of Secretary of Labor Frances Perkins against the marriage clause of the Economy Act, Mrs. Roosevelt said she felt strongly that dismissal from the Federal Government should be made on the basis of efficiency and of good to the service.

While the clause might be necessary as an emergency measure, she said, one average Government salary fails to support a family of 3 or 4 children or other dependents.

I could quote from other authority, Mr. President, not quite so high but to the same effect.

We have got to go back before the American people when the Congress adjourns—and by the way, that is a good reason why we should not adjourn. We had better stay in session here for a while, because if we go back now we will not have much to recommend ourselves, and I am one of the few who do not want to go home until we have done a little bit more. However, we have got to go back. We have got to go back to the men and women and children from whose mouths we have taken food and from whose backs we have taken clothes and tell them the story. They may ask, "By what right, under what theory, for what cause have you passed the National Economy Act and taken bread out of the mouths of the hungry and clothes off the backs of the naked?" And we have got to tell them about it, and say that the bill was passed in order that the balance of the administration program could go through whole and sound. Well, what is the balance of that program? Close up half the banks—that is some more of it—deflate the currency, as we have done—that is some more of it—and above all, we have this gracious and glorious and wonderful sapling-tree-planting bill, now known as the "sapling bill"; and when Senators come up for election, it will be the sap-sucker's bill, if they put one of those things in the States from which they happen to come.

One dollar a day is to be spent to assemble men from the four corners of the earth, from Dan to Beersheba, and to send the men to some little creek corner to plant some more trees. I will eat every one of them that comes up in my State. We are not going to have any planted there. We are not going to ask for one to be planted in our State. I am informed that my State is going to show it is the right kind of self-sacrificing State. We are not going to ask the Government to send one of these tree-planting establishments

to put out any saplings in the State of Louisiana. We are going to send them to South Carolina and Virginia.

Mr. President, it looks to me as if it is high time something were done. I want to stay on good terms with the administration, and I am going to do so if it is possible, but I do not have to. I made a living by cutting cordwood before I ever came here, and I can make it again if there is anybody left to burn the wood.

I do not have to stand in with the administration; neither does anybody else. I am not going to flatter my friend about this thing, and I am a friend of the President of the United States. There are more people out of work today than there were the day he went into office. There are more people hungry now and more banks closed now. There are more banks going to close. There are people crying and waiting, and every time we hope we are going to get something through here to correct this condition of unemployment and to feed these people and inflate the currency and remonetize silver and depreciate the value of the gold dollar in some way to bring up commodity prices, all we have to do is just inquire long enough and wait long enough and we find that that old bunch of disciples, the same old Federal Reserve outfit, the same old Treasury outfit, the same old Comptroller's outfit, the same old set with their grandparents and ancestors, have moved in here; and if they advise to the contrary, then nothing comes here in the form of relief for the people of the country. I am tired of it. The people are tired of it.

I have read in the papers—I do not know how other Senators feel about it, but I want to tell you how I feel about it—that we are all being held in line with patronage, that they are not handing out the jobs yet and that we are all being good until the jobs are handed out. I resent that. That is not what has inspired the men of the Senate to stand by and vote for the bills that come here. They have carried along the President time after time when they doubted the wisdom and virtues of these bills, trying to submerge their own opinions in order to help the administration pull the country out of the mud. I have not voted for these bills because I feared I was not going to get any patronage. So far as I am concerned in voting, they can take my patronage and go. They can keep the patronage I have coming from this administration, and I will be unchanged. None of us is going to be helped by this constant belittling of men in the United States Senate. There is no honor for us if we are going to allow that kind of impression to go rampant throughout the country. This constant impression and press propaganda are being spread that 96 men who are supposed to have enough integrity about them, enough intellect about them, and enough honor about them to come here as ambassadors from the sovereign States—this press propaganda—that men of that kind are being held in line and made to vote for what they otherwise would not vote for if it was not for the expectation of jobs. That kind of belittling of this august and deliberative body is going on, and no man sitting in the United States Senate cannot but feel that he is aggravating his own importance among his people with that kind of thing going on.

Mr. President, I am with the Senator from South Carolina [Mr. SMITH] in this matter. He may not vote as I vote, but he speaks as I speak and he thinks as I think. [Laughter.] Mr. President, I ask for order in the Senate.

THE PRESIDING OFFICER. The Senate will be in order. Mr. LONG. I am with the Senator from South Carolina in this respect. It is in nearly all respects that I am with him. We have swallowed enough of this stuff. We swallowed that abominable banking scheme that was brought in here. It was a horrible thing we did, an awful thing, an outrage on the public conscience and on justice, and yet we swallowed it hook, line, and sinker. We did not even read it. The clerk read it and we adopted it. That is one thing we did.

Then the economy bill was brought in here, and it was said that we had to balance the Budget, and Senators made the most eloquent speeches I have ever heard in the Senate,



declaring that we had to make the sacrifice to balance the Budget; that we had to take \$400,000,000 away from the war veterans in order to balance the Budget; and yet next day there came a bill to provide for \$300,000,000 for planting saplings, and Senators all voted for it. We took away \$400,000,000 from the veterans to balance the Budget, and then the next day spent \$300,000,000 to plant saplings. Then we came in with another bill to appropriate \$500,000,000 more, making \$800,000,000 all together, so that the Budget was still \$400,000,000 out of line when we got through with those three bills. That is the kind of laudanum you swallowed, and I have done it, too. I have voted against but one bill.

We had the general help of the Republicans. There is one good old thing that can be said for the Republican Party. It may stand in the way of some of the things the Democratic Party wants to do, but it sure will help the Democratic Party build a scaffold for itself any time it gets ready. The Republican Party has never gotten in the way of the Democratic Party when the Democratic Party is trying to commit suicide. I have never seen anything of that sort as long as I have been here. I have seen the Democratic Party pull the chestnuts out of the fire for the Republican Party, but I will have to say that I do not miss the mark of my enemies, that I have never seen them refuse to help the Democratic Party on its way to destruction so long as the Democratic Party was not destroying anybody but itself.

We have had to explain many things, and it is time now that we begin to think. There are men in this body to whom the President of the United States and others will listen. There are men here with whom I have not always agreed, who are men of mature knowledge and thought, and sound judgment on economic and technical lines as well.

It is up to you, Senators, if you are going to support the administration program as I have been doing and as you have been doing. It is up to somebody to go down to the White House and tell the President of the United States what we know is happening here in this country. It is up to you to go down there and tell him the people of the United States expected the members of the Federal Reserve Board to be put out of there or they would not have voted the way they did; that they expect the whole "dad-gummed" outfit, from top to bottom, to be wiped out; that they do not expect that a partner in the J. P. Morgan house shall be sitting as the veto agency on financial and banking legislation; that if they are going to have a farm bill the people expect it to be written by the Democrats of this country who have sponsored the kind of farm philosophy that has been looked upon with favor by the people of the United States, rather than taking some half-baked scheme that comes out of one of the penmen who was left there by Mr. Arthur Hyde when he left office. It is up to us to say we are going to carry out this platform; and if that is done, there is some hope for the Democratic Party.

Mr. President, I have taken more time than I expected. I wish to say just this in conclusion. I am not reckoning without my host. I am not falling out with the President. The Bible says, "He who flattereth his friend his eyes should fall from his head." The man who is a friend of Franklin D. Roosevelt and flatters him today with this great big holier-than-thou propaganda, that "you are doing the right thing, old boy, and it is just going fine", may ingratiate himself in his presence, but it is leading him to destruction, and we and the people are going right there with him.

I am not going to advise him that way. On the contrary, I am going to tell him that he has not gone the route that the Democratic Party wants with this 30-hour-week bill. I am going to say more than that. I am going to repeat the words of the Senator from South Carolina [Mr. SMITH], that we have got to depreciate the value of the mammon of gold and we have got to redistribute wealth.

I have in my hands the words of the President himself, the words of the Democratic platform, and without taking the time to read them, because they are very extensive and complete along that line, I merely wish to say that the Democratic Party won the last election on the promise,

first, that there would be a distribution of wealth among the people; second, that there would be a financial policy of kicking out all the old gang and the old system, and putting in one that is suitable to the people; third, that we were going to shorten the hours of the workday and the days of the workweek so that there might be consumption to keep pace with production; and, fourth, that we would give adequate relief to the farmers of the country.

Those are the cardinal cornerstones of the promises of the Democratic Party. We have not undertaken to carry them out. We have not put any purchasing power in the hands of the masses. We have not shortened the hours of work. We have not inflated the currency. We have not changed the Federal Reserve Board. We have not put in a new policy, and today we are twiddling our thumbs and arguing over a tweedledum-and-tweedledee proposition involved in the bill which the Senator from South Carolina [Mr. SMITH] has introduced and as to which he himself expresses the belief that in many of its essential particulars he doubts if it can be of any advantage to the farmer or accord the promised relief.

Mr. ROBINSON of Indiana. Mr. President, I do not desire to add any gloom to that which pervades the country at the present time. I am in agreement with a great deal that has been said by the Senator from Louisiana [Mr. LONG], but in that connection I desire to read a letter from a prominent business man in Indiana which has just come to me.

The C. G. Conn Co., Ltd., is one of the largest manufacturers of band instruments in the world. The president of that company is Mr. C. D. Greenleaf, of Elkhart, Ind. I read this letter, which has just come to me from Mr. Greenleaf:

C. G. CONN, LTD.,  
Elkhart, Ind., April 7, 1933.

HON. ARTHUR R. ROBINSON,

United States Senate, Washington, D.C.

DEAR SENATOR ROBINSON: I have not written you with regard to the business situation, as I realize that you had thousands of letters and that you cannot pay attention to all of the ideas of your constituents. The situation is such, however, at this time that I feel like putting my views before you. We have now had more than 3 years of constant deflation, and the pace is now more rapid than it has ever been. Since the bank moratorium it has been going on at what is, in my judgment, an impossible rate. The situation is that while the wealth of the country consists of the farms, the homes, the factories, the railroads, etc., all of this property has become practically worthless, and the only thing which is worth anything like 100 cents on the dollar is Government bonds. To realize the full absurdity of the situation it is only necessary to remember that the value of the Government bonds depends entirely upon the taxing power of this same property, which has become worthless and which is rapidly reaching the place where it cannot even pay taxes. Then the Government bonds, too, will join the list of worthless property, and the cycle will be complete. Of course, it is inconceivable that it will be carried to this point. Nevertheless this will be the inexorable result if the present policies are continued.

An effort is now being made to reopen the banks in this country. Prior to 1933 many thousands of banks failed, and it is fair to assume that the really unsound and poorly managed banks had been eliminated up to this time. Most of those which were left would be sound, in my judgment, on any reasonable basis of value. However, speaking of the banks outside of the larger cities, all of the liquid assets have been paid out, and those which are remaining are frozen. This does not mean that they are worthless, but that they cannot be converted into cash at the present time without tremendous losses to the depositors. Nevertheless an effort is being made to force these banks into a liquid condition by injecting new capital. In most communities this is an impossibility under present conditions without outside help. Of course, the only outside help available is that from the R.F.C. On the other hand, the R.F.C. insists on valuing bank assets on the present depreciated basis, which is to deny practically all value to local assets. This makes the situation an impossible one; and if this policy is carried out to its ultimate conclusion, in my judgment this country will not recover from its effects for 50 years.

The only alternative that I can see is some method of bringing back values to what may be considered a normal basis. I have always been opposed personally to all forms of inflation, but I am now of the opinion that it is the only solution and that only by some measure of this kind can the complete collapse of the country be avoided. Of all the methods proposed, I believe that a reduction in the value of the gold in the dollar is the most feasible. While a few weeks ago even a discussion of this plan would have caused a flight of capital from this country which would have ruined it, this cannot happen at the present time, owing to the fact that we have now control of the situation. The Treasury is making an effort to get into the banks the balance



of the gold which is now in the country and outside of the banks. If this can be successfully done, we will then be in an ideal position to increase the value of the gold, and the public will get the benefit of the change. Even if it proves to be impossible to get the billion dollars of outside gold into the banks, I still think the plan must be followed. It is possible that this is the plan which the authorities have in mind. If so, and if it is carried out promptly, I believe our troubles will soon be over.

However, if it is the intention to carry out what is essentially the same thing by means of a voluntary writing-down of debts, such as is involved in the new farm-bond measure, the proposed railroad-reorganization measure, etc., the result will be that the country will be engaged in this process for years to come, that it will be very inequitably accomplished, and that the vast majority of people will be bankrupt before it can be accomplished.

Generally speaking, time is the essence of the matter. The deflation has been going on so long most businesses and individuals are reduced to such a low ebb that they cannot stand it much longer. I have never seen business men in such a hopeless state of mind as they are at present. They have fought this thing with great resourcefulness and courage up to the present time, but most of them do not see how they are going to carry it on much longer. I believe that the plan as outlined by what is known as the Committee for the Nation to Rebuild Prices and Purchasing Power is the most feasible of anything which has been offered, and I am in hopes that action along this line can be taken in the near future.

A letter identical to this is being sent to Senator VAN NUYS.

Yours very truly,

C. D. GREENLEAF, *President.*

Mr. President, that letter, as I stated at the beginning, comes from one of the most prominent business men in the United States. He, like everybody else, I think, recognizes the fact that this deflation is taking us constantly down hill; and somewhere or other we must put on the brakes and go upgrade, or we will have a catastrophe in this country by the first of July that none of us today even dares contemplate.

Mr. SMITH. Mr. President, in the remarks I made a moment ago I devoted myself more particularly to what I considered to be the outstanding need of this country; namely, an increased circulating medium.

I do not want any mistake on the part of my colleagues in this body as to my attitude toward this farm relief bill. It has been asked for by the administration. In its present form it has been endorsed and sent down here by the Department of Agriculture. Every man who has read the bill understands that there are three principles in it now, two of which have been endorsed by the Department, and one of which has been largely endorsed by the farming population of this country. The two principles that have been endorsed by the Department are one known as the leasing feature, which is incorporated in the bill, and which the Secretary of Agriculture may use or not, as he sees fit. The other is the allotment plan, which he may use or not use. The third principle, if the Senate or the Congress sees fit to adopt it and incorporate it as a part of the bill, constitutes what is known as the production-cost plan.

I shall not attempt, and have not attempted, to indicate my personal attitude toward any of these plans; but I take it for granted that the Secretary of Agriculture, following the message of the President of the United States, will try these plans, and whichever one in his judgment promises the best and the greatest results will be adopted as the policy of the Government. Therefore, I want it definitely understood that I hope this body will address itself to the consideration of this bill and pass, at the earliest possible date, whatever its Members decide to be the expression of their will so that those standing in such dire need of aid may receive it.

With that expression on my part, Mr. President, I intend to insist that this bill shall be kept before this body, as far as I am able to do it—and I hope that I shall have the assistance of my colleagues—until final disposition is made of it. It is essential for us to pass the farm relief bill.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. SMITH. I yield.

Mr. FESS. I think we are all in sympathy with what the Senator is saying. It is going to take a little time to con-

sider some of the items that are so controversial. I am receiving a good deal of correspondence asking what certain sections of the bill mean. I think the Senator recognizes that there is a good deal of basis for doubt.

For example, this morning I received a letter from an ex-president of the American Bar Association who makes specific inquiry as to what certain sections of the bill mean, saying that their meaning is doubtful in his mind. For example, he says:

I am unable to understand just who has to pay the tax in the first instance, to whom it is paid, how it is refunded, and to whom. The machinery of the thing seems to me very indefinite. When, and on what occasion does the Secretary of Agriculture make a change of rates of taxes?

The Senator will recall that on yesterday there was quite a triangular colloquy between the chairman of the committee, the leader of the Senate, and the Senator from Texas, on the latter question which is raised; and for the sake of the RECORD, so that those who read the RECORD will understand the situation, I wish we might have an authoritative statement on the subject.

Mr. SMITH. I am glad the Senator has asked the question, because the committee devoted considerable time to that very matter.

In the first place, the Reconstruction Finance Corporation is authorized to advance to the Secretary of Agriculture a sufficient amount to make these payments pending the collection of the tax.

Mr. FESS. I think the Senator is incorrect in saying that the Reconstruction Finance Corporation is authorized. It is the Secretary of Agriculture who is authorized.

Mr. SMITH. The Reconstruction Finance Corporation is authorized to make the advances.

Mr. FESS. No; that is for the cotton provision. I am speaking now of the general basic tax.

Mr. SMITH. Yes; the Secretary of Agriculture is authorized under the second tax to make advances, pending the collection of the tax, to an amount sufficient to meet the bonus or the amortization or whatever it may be called until the tax shall be collected.

A farmer or anyone who goes up to sell a product, after the amount of the tax is fixed, sells to his local agent at the ordinary market price, regardless of the tax. He is given a statement as to the number of bushels he has sold in the case of wheat, or the number of pounds in the case of cotton. He then goes to his county commissioner, who figures out what percentage of the product is to be exported, and what percentage is to be domestically consumed. Then the amount of bonus or tax is figured on the part that is domestically consumed, and the farmer is given a certificate of his equity to the amount of the percentage of the product that is domestically consumed. Then the processor has 30 days or 60 days in which to adjust his sales, after the processing tax goes on, before he is to pay—that is, until such time as the rise in price of the commodity shall have been adjusted. He has 60 days. At the end of that time he remits to the Treasury the amount of the tax.

Mr. FESS. So the processor pays the tax?

Mr. SMITH. The processor pays the tax.

Mr. FESS. That is the first step.

Mr. SMITH. The Treasury gives credit to the Secretary of Agriculture according to the slips that have gone in. Then there is remitted to the county commissioner the amount of the slips that each one has. In the meantime the producer may have transferred the slip to a bank, but whoever holds that slip can cash it after notice is given that it is ready to be cashed.

Mr. FESS. That comes out of the Treasury?

Mr. SMITH. That comes out of the Treasury, and the Treasury credits itself with the tax as it comes in.

For instance, say the Treasury were to advance \$50,000,000 to meet the bonuses as they come in. As these taxes are then remitted to the Secretary from the processor, he credits the account with that amount.

Mr. FESS. So, in answer to the question of my correspondent, the tax is paid by the processor?

Mr. SMITH. The first domestic processor.



Mr. FESS. It first goes to the Treasury, and latterly it is paid to the producer, the farmer.

Mr. SMITH. That is correct.

Mr. FESS. The next question was, What about refunds?

Mr. SMITH. As I understand it, whenever the processor is entitled to a refund he makes out his statement according to the amount that is indicated, to which he certifies. That is forwarded to the Secretary of the Treasury, who, upon that certificate, refunds to the processor whatever excess amount he has paid.

Mr. FESS. The authority to refund is in the bill now?

Mr. SMITH. It is in the bill now. There has been some misapprehension, and I have had quite a lot of inquiries myself, and I presume others have. Those having a floor stock against which they have already sold the finished article and have not yet converted it, can process that stock, send it to the vendee, and pay no tax; but the vendee must pay the tax, going upon the assumption, as explained to our committee, that the processor having bought the raw material before the tax went into effect and having sold the finished goods for future delivery against that floor stock, can carry out his contract, but the vendee—that is, the party receiving the goods—must pay the tax.

Mr. REED. Mr. President, would the Senator permit a question?

Mr. SMITH. I yield.

Mr. REED. During the World War, when wheat was scarce and expensive, the people of every country resorted to the use of potatoes in order to get the starch component which they had been getting from wheat. Under this bill, if that were done, would the Secretary of Agriculture have authority to put a tax on potatoes?

Mr. SMITH. Immediately.

Mr. REED. From whom would he collect the tax?

Mr. SMITH. He would collect the tax, I presume, from the vendor.

Mr. REED. He would collect it from the processor, according to the bill.

Mr. SMITH. Yes.

Mr. REED. Who is the processor of a potato?

Mr. SMITH. That is a question which the Senator will himself have to figure out. The object is, as I understand it, to give the Secretary the power to put the tax on any article competing with one of the enumerated articles.

Mr. REED. Precisely; and we learned during the World War that potatoes are a competing commodity when wheat gets high or gets scarce. The tax, under section 11, I think it is, is to be imposed upon the processor of competing commodities. I am wondering whether that would be the little girl who peels the potato or the elderly lady who cooks it.

Mr. SMITH. I do not know. If I were the Secretary of Agriculture, I would find the most convenient and the most appropriate place to apply the tax.

Mr. BANKHEAD. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. BANKHEAD. I just want to suggest to the Senator from Pennsylvania that the Department would not do any such thing; it would not levy a processing tax upon any commodity if the tax were not collectible.

Mr. REED. I hope that is so.

Mr. CAREY. Mr. President, will the Senator yield?

Mr. SMITH. I yield.

Mr. CAREY. As I understand the bill, the prices of agricultural commodities are practically guaranteed; that is, to be brought up to the prices paid during certain periods of time.

Mr. SMITH. That is true.

Mr. CAREY. What would happen in connection with the processor's tax if the price of the raw commodity were falling from day to day? Would not that mean that each day the Secretary would have to determine a different tax upon the processed article?

Mr. SMITH. No. I tried to explain that yesterday. I think the bill is commendable in that respect, for this reason: Suppose, as the bill says, that there should be a certain date taken as a base for comparison of the hundred-

cent farmer dollar and the hundred-cent dollar of the thing he purchases. I am familiar with cotton and will use that as an illustration. Suppose today the price of cotton is 6 cents a pound, and the ultimate parity which they wish to reach, which they have found by computation existed between 1909 and 1914, is 12 cents. Then the tax would be 6 cents a pound, because 6 added to 6 would make 12. The party purchasing the cotton is required to give a statement of the price paid for the cotton, and if he pays 6 cents then the processor must pay on that domestically consumed an additional 6 cents.

Suppose cotton drops a cent. The parity is 12 and it drops to 5. The man who buys the cotton makes out a statement saying that he bought the cotton at 5 cents a pound. Then the processor pays 7 cents a pound to equalize it with 12.

Mr. CAREY. Then what would happen? Say the processor entered into a contract to deliver finished goods at a certain price, based on the 6-cent tax, and the Secretary raised the tax to 7 cents. How could he fulfill the contract without losing money?

Mr. SMITH. It is supposed that the price of any cotton used for domestic purposes is controlled almost entirely by the consumer—that is, the different mills. They notify their trade what they are willing to pay, through their purchasing agent, and when they are willing to pay 7 cents a pound, as a matter of course, they have already made their arrangements for that 7 cents.

Mr. REED. Mr. President, will the Senator permit an interruption there?

Mr. SMITH. Certainly.

Mr. REED. If I have understood the Senator correctly, then on the same day two persons may purchase cotton, one, let us say, buying it at 5 cents and the other buying it at 6 cents, due to differences in location, or some such cause.

Mr. SMITH. Yes.

Mr. REED. The tax on one of them is 100 percent, or 6 cents, while the tax on the other is 120 percent, or 7 cents, on the same article on the same day.

Mr. SMITH. Yes.

Mr. REED. Does the Senator regard that as giving the equal protection of the law to both of those citizens?

Mr. SMITH. I do, for the reason that the party purchasing knows, by proclamation, that the tax is to bring the price up to 12 cents, and if a man gets his cotton for 5 cents he is not benefited for the reason that he has to pay a 7-cent tax.

Mr. REED. Apparently not, if we can impose two differing rates of tax on the same commodity on the same day.

Mr. SMITH. I beg the Senator's pardon; we are not imposing two different rates of tax.

Mr. REED. One is 100 percent and one is 120 percent.

Mr. SMITH. We are imposing a uniform parity, and the trade must look out for itself. That is what we are doing. Do not confuse that. It must bring 12 cents a pound.

Mr. REED. I am not confusing it; it is confusing me.

Mr. SMITH. I cannot help that; I am sorry.

Mr. CAREY. Mr. President, is this tax to be imposed on the processed article or on the raw material?

Mr. SMITH. It is on the value of the raw material.

Mr. CAREY. It is not on the processed article?

Mr. SMITH. No.

Mr. CAREY. I should like to ask another question. Assuming that the Secretary should decide to use the method of leasing lands, how would he determine the amount of land it would be necessary to lease in order to raise the price?

Mr. SMITH. It is estimated that there are 350,000,000 acres of arable land in the United States. That is all of that kind of land. The Secretary will estimate how much of that is really in productive use, and what percentage of that, upon the average production of any given crop, it would be necessary to eliminate for the purposes of reducing production. Having ascertained that, and the amount necessary to lease it, to rent it, he would then fix a tax upon the processing for all the commodity processed, not for that domestically consumed but for all the commodity, in order



to raise a sufficient fund to pay a reasonable amount for leasing the land desired to be taken.

Mr. CAREY. I think the Senator misunderstood my question. My question was, How could the Secretary determine the amount of land necessary to be leased in order to raise the price?

Mr. SMITH. Upon the percentage of production per acre. Take cotton, for instance. When 48,000,000 acres of land are planted to cotton the average over a period of 10 years has been 13,000,000 bales, let us say. The Secretary will estimate how much land planted to cotton it will be necessary to eliminate in order to reduce the production of cotton to the amount desired. The same is true of wheat, the same of rice, and the same of corn.

Mr. CAREY. That would really be an estimate? He could not bring the price exactly to where he wanted it?

Mr. SMITH. No; because seasons would have a good deal to do with the outcome.

Mr. ROBINSON of Arkansas. Mr. President, yesterday a number of Senators inquired whether it would be possible to meet earlier tomorrow and recess or adjourn at a very early hour tomorrow afternoon, thus putting in a full day in the Senate and affording Members of the Senate an opportunity to attend a game of baseball, which is the opening event of that character of the season. I had hoped to be able to make an arrangement looking toward that end.

It is now approximately 4 o'clock, and, with the exception of the last few minutes, the entire day has been consumed in the transaction of business other than the consideration of the pending bill and in the discussion of subjects which, in my opinion, are not germane to the bill now before the Senate.

When the Senator from Louisiana concluded his remarks I made an effort to take the floor in order to take note of some of the observations he made. First, with respect to the pending bill. As heretofore announced by the President himself, the measure is in large sense experimental. In my humble judgment, upon the manner of its administration depend in large part the benefits which may be expected to be derived by farmers from the enactment.

It would not be possible for anyone to anticipate in accurate detail what the sum total of the benefits under the measure will be. It does not seem to me, however, that it ought to be condemned as not worth while, inasmuch as it is the one measure which has come to the front in the Congress during the last few months as a result of the best study that has been given to the question.

On a previous day it was my privilege to discuss some of the features of the bill and to attempt to justify it. I shall not repeat the remarks then made.

Mr. President, to that part of the discussion that was not related to the pending bill I wish to say that it seems unjust to me to attack the President or the present administration for the existence of the conditions described by both the Senator from Louisiana [Mr. LONG] and the Senator from Indiana [Mr. ROBINSON].

It is a very easy thing to find fault, but in trying circumstances like those which have prevailed for a long period, and for every day that has elapsed since the 4th of March, it has not been an easy task to perform the functions of Chief Executive of this Nation. Manifestly it has been impossible to make all the corrections that ought to be made, to eliminate from office all whose removal might be calculated to contribute to an improvement in the administration of national affairs, and certainly it has not been possible within the very short period that has passed since the present administration was inaugurated to put into effect all the measures contemplated by the Democratic national platform or the measures which may be in due course worked out for the advancement of the public interest.

I make this statement: In spite of the criticisms that are being hurled at the President, in spite of the charges that have been made against him, he has led in the accomplishment of more during the little more than 4 weeks that he has served as Chief Executive than was ever accomplished during a comparable period in the history of this Nation.

I know that conditions continue to be distressing; I know that the clouds have not lifted and that the sun is not shining through in undimmed splendor; but I undertake to assert, in spite of what has been said here today and what will be said tomorrow, that never before in a comparable period in the history of the United States have so many important measures been advanced and enacted by Congress as during the period that has passed since the 4th of March. I think it is unfair—grossly unfair—to charge to the President responsibility for the existing banking conditions. Everyone within the sound of my voice will remember that the former President contemplated issuing an order closing down the banks of the country; that he only refrained from doing so for the reason that no agreement was reached with the representatives of the incoming administration as to the time for which his order should remain effective; but everyone realizes that the closing of thousands of banks in every part of the country, some of them absolutely insolvent, others partially insolvent, others still we believe wholly solvent, involved a task insofar as reopening was concerned that could not be accomplished safely and soundly within a few hours; and I do not think it is just or fair to charge responsibility upon the President for the failure to reopen all the banks that were closed. Some of them cannot be reopened with safety to the depositors and with safety to the stockholders. Gigantic efforts were made; many banks were reopened, and there was a comparatively slight but, nevertheless, a substantial improvement in the business conditions prevailing throughout the country.

Mr. President, the economy measure has been characterized by both the Senator from Louisiana [Mr. LONG] and the Senator from Indiana [Mr. ROBINSON] as worthy of every form of criticism; it has been denounced. Nevertheless, a serious condition confronted the Treasury of the United States when President Roosevelt took office. An enormous deficit had been incurred, and that deficit was rapidly growing. Congress had been expending and authorizing the expenditure of sums far in excess of the revenues that were being received by the Government. It was a manly, a courageous, act to call a halt in those expenditures and to say, "You have already gone too far; from now on you ought to limit expenditures to revenues, so that the credit of the Government of the Nation, which is of paramount importance, shall be preserved, for without that credit the whole business structure of the country inevitably will collapse."

I think it was an act of courage on the part of the Executive to take the initiative in that movement that we had been talking about in both Houses of Congress for many months, but we had not been able to muster that concerted action which was necessary to accomplish something decisive; and already there is in sight as a result of his efforts an annual reduction in the cost of the National Government approximating \$1,000,000,000; already there is an assurance that the Budget will be balanced. Oh, yes; one may ridicule proposals to balance the Budget. Nevertheless, it is essential to the progress of the Government; it is essential to the welfare of the public.

Oh, yes; it is said that we spent more money than we saved through the Economy Act, and the measures that were passed through which the expenditures referred to were authorized were impliedly ridiculed. What were those measures? The sum of \$500,000,000 for destitution relief, \$500,000,000 of Federal funds made available to keep people from suffering and starvation.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Louisiana?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. LONG. Does the Senator understand that the Senator from Louisiana ridiculed the \$500,000,000 expenditure for relief purposes?

Mr. ROBINSON of Arkansas. The Senator from Louisiana referred—I remember his language—to the \$500,000,000 relief bill, and added it to the reforestation bill, and said that we had spent \$400,000,000 more than we had saved, ridiculing the effort thus made to afford relief.



Mr. LONG. I was not ridiculing the \$500,000,000 expenditure for relief purposes.

Mr. ROBINSON of Arkansas. The Senator from Louisiana may put his own construction on his language. I am not trying to misrepresent him.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Kentucky?

Mr. ROBINSON of Arkansas. Yes; I yield.

Mr. BARKLEY. The Senator from Arkansas might also say that the \$500,000,000 for destitution would have been required regardless of the reduction in the other items necessary to balance the Budget, and if we had not reduced the expenditures we would have had the \$500,000,000 on top of them.

Mr. ROBINSON of Arkansas. I do not understand the Senator from Louisiana to object to the \$500,000,000 relief bill. His statement just made indicates his support of it, but it is unfair, in my judgment, to criticize the President for favoring or advancing that bill and for the results that must accrue from it. If you are for the bill, then do not denounce your President for being for it, too.

Then much fun was made of the Civilian Conservation Corps measure—"planting saplings." Oh, yes; there are not going to be any saplings planted in Louisiana, the Senator from Louisiana stated; that is a State in which there will not be any reforestation so far as he is concerned; it must be confined to South Carolina and Virginia.

I know that the reforestation measure, or whatever Senators may be pleased to call it, is not a major relief measure; we never considered it as such; but, Mr. President, there are two important thoughts in connection with it that I should like to lodge in the minds of those who are criticizing and denouncing.

First, the forests of this country have been disappearing very rapidly, and the conservation of tree life is an important purpose. It may not be necessary to Arkansas; it may not be indispensable to some other particular locality; but, considered as a general, national measure, it is of primary importance. No language can portray the disastrous results that are to be expected if we permit our forests to be exhausted or destroyed.

The second thought is that, even though members of the conservation corps are not to be paid union wages, even though they are merely given subsistence, shelter, clothing, and something like \$1 per day, it is far better to have your boy, far better for a citizen who cannot secure employment to have the opportunities that are afforded in those camps than that he shall be idle and dependent upon charity for the food and the clothing necessary to sustain him. Senators might wait a day or two, they might wait a week or two in order to see what will be the result of the measure.

I think any man who is President of the United States is entitled to the sympathetic cooperation not only from his party associates but also from every patriot in this broad land. If anyone believes that the President has not worked faithfully, and worked under great difficulties, let him acquaint himself with the facts.

I doubt if there is another man living, whatever his age or his experience, who has given more whole-heartedly of his life, his strength, his brain, his thought to the public service than Franklin D. Roosevelt has given since he became President on the 4th of March. Frequent, almost continuous, conferences have been held; many subjects have been dealt with; he has worked late at night and risen early in the morning. He may have made mistakes, but he has done a wonderful work, is doing a wonderful work. For God's sake, let us uphold his hands and give him a full measure of encouragement and assistance.

Mr. ROBINSON of Indiana. Mr. President, I shall not detain the Senate any great length of time by anything I may say with reference to the remarks of the Senator from Arkansas. I think perhaps he did not understand me aright in reference to the letter which I read into the Record. I did not criticize the President in any of my remarks. I read a letter from a prominent business man in Indiana

which undertook to criticize nobody in particular, but which did criticize very severely and very seriously the policy which we are following at the present time, a policy of deflation.

I did say that I agreed with much that had been said by the Senator from Louisiana [Mr. LONG]. I repeat now that I do agree with very much that he said. But, Mr. President, since the Senator from Arkansas has insisted on drawing me into a controversy which he evidently has with the Senator from Louisiana and to which controversy I insist on remaining an innocent bystander—

Mr. LONG. Mr. President, may I correct the Senator?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. Very well.

Mr. LONG. I took up the controversy where the Senator from South Carolina [Mr. SMITH] left off. The Senator from Arkansas [Mr. ROBINSON] did not see fit to mention the Senator from South Carolina. I merely undertook to repeat and to exemplify the remarks of the Senator from South Carolina. There is no controversy between myself and the Senator from Arkansas, but I am opposed to party leadership coming from the Committee on Agriculture and Forestry.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator permit me to interrupt?

Mr. ROBINSON of Indiana. I am glad to yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I do not now nor do I intend hereafter to permit personal expressions to enter into the debate. I hope the Senator understands that however ardently I speak I am not angry.

Mr. ROBINSON of Indiana. I understand that perfectly well, and that is why I was surprised that the Senator from Arkansas drew me into his controversy with the Senator from Louisiana, since I had said nothing in the matter at all in criticism of the President of the United States. But now that I am drawn into it permit me to say that, in my opinion, and I think time will vindicate my judgment, the so-called economy bill passed by the Congress of the United States of America at the instance of President Roosevelt was the cruelest, the most inhumane measure ever enacted into law by the Congress. Men who fought for their country in action are being deprived of the vested rights which the Congress had given them. Much was said about those who had never seen action. I claim the country should show its gratitude to all who are willing to die for its flag, whether they were called upon to give up their lives or not. All are entitled to grateful consideration, whether they served here or abroad.

But I point out to the Senator from Arkansas and to the Senate that hundreds and hundreds, thousands and thousands who actually saw action, who were injured in action, whose injuries are directly connected with action, are being deprived of benefits under the dictatorial regulations of the President which this Congress empowered him to draft. Look at your mail, Senators. Go back home and look into the faces of the veterans of wars of the Nation, to whom you owe your existence and the country owes its existence. Tell them what you have done to them. True, you took \$400,000,000 out of their pockets, robbed them of that much purchasing power in this time when God knows we need all the purchasing power we can get to save the Nation from ruin. It is true that you have driven men, women, and children into their graves as the result. I am glad their blood is not on my hands.

The communications I have received since that infamous bill was enacted into law show me conclusively that men, women, and children are worrying themselves into their graves. God knows how they will live. They do not know how they are going to exist, since untold thousands of them were existing on the small benefits they had received from what they had assumed was a grateful Government. Go back home and tell them what a great act that was which you passed.

Tell them, Senators, what a wonderful thing President Roosevelt did for the country when he took away from them



their vested rights. Explain to them how almost the very next day you voted for a measure that would start other men to planting trees at a dollar a day, with practically the very money that you had taken out of the pockets of the veterans of the country. Explain it all to them and listen for the applause. You will listen in vain.

Explain also to the building trades of the country and all those engaged in them, trying to uphold the American standard of living, trying to uphold the system of wages in this country, why you diverted \$148,000,000 from building projects upon which the Congress of the United States had decided, and turned it over to other men at a dollar a day for planting trees—regimenting labor in the country which will result, and there can be no other result, in reducing the wages of the country and the standard of living.

Tell them also that this \$148,000,000 diverted from the building projects will only last until May 1, and it is almost the first of May now. Tell them that it will require another \$500,000,000 between now and next January 1 to carry on this reforestation scheme, against which I was happy to vote.

Explain to the veterans of America and to the Government workers all over the Nation from whom you took another \$125,000,000 that you have turned that money right over to another class of citizens, able-bodied men. True, they are needy; but you robbed the sick and the halt and the blind to pay a dollar a day to 250,000 men to be regimented in camps very much as men are regimented in Russia.

Mr. President, I hope tomorrow, as soon as the Senate convenes or as soon thereafter as I may secure recognition, to speak briefly on the situation in Russia, now that the propaganda has become so urgent that this Government recognize the Soviet Republics.

Tell your folks back home what you did. Look into their appealing eyes, their eyes that will appeal to you in the midst of starvation, hunger, want, and need of every description. Tell them and their women and children that you took the food out of their mouths, that you took the money out of their pockets. Explain to them and hear how they applaud. It is true I voted for a relief fund of \$500,000,000. What else could I do? You had just taken \$500,000,000 from the veterans and now you undertake to boast about it. Of course, I voted for a relief fund of \$500,000,000. I am glad I did. This country must take care of those who are in need.

Mr. President, other measures have been presented here by the President. I have referred to the bank bill and the moratorium, which I shall not discuss further now. Suffice it to say that it has deflated the depositors of America to the extent of \$10,000,000,000. That is \$10,000,000,000 less purchasing power we have today than we had on March 4. We have got to turn around and go the other way. I have been saying that from the beginning and today I was able to support it by a firm statement along the same line from one of the most prominent business men in the country.

Mr. President, I do not care to say more. I did not expect to say anything. I have no part in this controversy between the Senator from Arkansas and the Senator from Louisiana, but since I am drawn into it I am bound to speak my mind.

Mr. LONG and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Does the Senator from Idaho desire to address the Senate?

Mr. BORAH. Yes; I desire to submit a few remarks.

Mr. LONG. Will the Senator permit me to make just a brief statement before he proceeds?

Mr. BORAH. Very well.

Mr. LONG. I merely wish to make a brief reply to what my friend the Senator from Arkansas [Mr. ROBINSON] has said. The Senator from Arkansas interprets what I have said to be a criticism of the President of the United States. I am not sure but what the Senator from Arkansas is right about that. I did not intend to criticize the President of the United States, but I believe that what I have said can only be interpreted—I want to be fair with my friend from Arkansas—as a criticism of the President in this respect.

I have pointed out our party platform. I have pointed out the President's promise based on that platform. I have pointed out, reinforced by the statement of the Senator from Illinois [Mr. LEWIS], that as to our promise to shorten working hours we have balked at least in that respect, or at least we have failed to act. That might be interpreted, when the remarks of the Senator from Illinois are taken in connection with it, as a criticism. If it is, I cannot help it.

There is one further thing I wish to say, Mr. President. I cannot be criticized for having said anything except what the President himself has said. Here is what he said:

Our basic trouble was not an insufficiency of capital. It was an insufficiency of distribution of buying power.

That is what our President said in Atlanta, Ga. That is not all. I read some more from what our President said.

He says:

The unfeeling statistics of the past 3 decades show that the independent business man is running a losing race. Perhaps he is forced to the wall; perhaps he cannot command credit; perhaps he is "squeezed out" in Mr. Wilson's words, by highly organized corporate competitors, as your corner-grocery man can tell you.

Recently a careful study was made of the concentration of business in the United States.

It showed that our economic life was dominated by six hundred and odd corporations, who controlled two thirds of American industry. Ten million small business men divided the other third.

More striking still, it appeared that, if the process of concentration goes on at the same rate, at the end of another century we shall have all American industry controlled by a dozen corporations and run by perhaps a hundred men.

Mr. LEWIS rose.

Mr. LONG. I am quoting now from the President of the United States. Does the Senator wish me to yield for a question or for a confession?

Mr. LEWIS. Mr. President, I rise to call the attention of the able Senator from Louisiana to the fact that his observation just this moment is likely to lead to misunderstanding.

When the Senator had said in his address that this measure known as the "30 hour bill" or the "Black bill" was that of the President, and inquired why should he not, then, make some efforts to carry it through and press it to a conclusion, I rose and reminded the Senator that there was nothing in the record anywhere to show that this measure was the measure of the President; and I now again call the able Senator's attention to the fact that one may be for a principle and yet not be for the kind of measure that is brought in, which professes to carry out the principle.

That was the observation I beg to call to the attention of the Senator—that there was nothing to disclose and nowhere was there a charge that the particular form of measure here was the measure of the President. The measure was brought in through the able efforts, the assiduous industry, of the Senator from Alabama [Mr. BLACK]. It passed the Judiciary Committee, and found its way on the floor to meet the usual advocacy or opposition of Senators, according to their convictions as to the bill's constitutionality and its propriety. Nothing further was disclosed in the debate as to the President's attitude with regard to it.

Mr. LONG. I wish to say that I understood the Senator from Illinois, and I now understand him, that one can be for a principle and against any bill that puts the principle into effect. That had been previously stated here, however, on the floor of the Senate.

Mr. LEWIS. Mr. President, I may add that it worries me a bit to see the eminent Senator, with his acute intellect, make an acrobatic performance of contradictions that would disclose either one of two things—that he either did not understand a common proposition of ordinary good sense, which I cannot have charged to him, or that he purposely distorts it for whatever purpose would serve its object, of which it seems to me he ought to be acquitted.

I therefore ask his permission to call attention again to the fact that a person may be for a principle and yet may not find in a measure tendered by someone that the principle is really expressed in that particular measure.

Mr. LONG. I understand the Senator.



Mr. LEWIS. The Senator's statement gives me a sense of great relief.

Mr. LONG. Mr. President, I lack an understanding of the niceties of senatorial dictum in many respects. I now think, if I may restate the proposition, that one may be for shorter hours but not for a bill that is putting those shorter hours into effect. That is the sawmill understanding that I have of the Senator's language.

Now, perhaps I do not get it straight, but the facts are that we have promised the people shorter hours in the day, and fewer days in the week, and the bill is here. It is the judgment of the Democrats of the Senate and of the United States Senate itself that we have concocted a bill to put that promise into effect. It has not received the support of the administration; I do not know why; but I was simply undertaking, in passing, in the ludicrous way which I have, to assert what I understand to be the passing events of senatorial concourse. [Laughter.]

Mr. LEWIS. Mr. President, may I be permitted by the Senator from Louisiana to ask, in the language of the pleadings which are known to the profession of law, if he would make more specific and definite his use of the word "concourse"—whether he referred to the measure or to the Senator from Louisiana? [Laughter.]

Mr. LONG. The fact remains, Mr. President, that it is time we knew what is going to happen. Are we going to take up this bill, the principle of which has been promised to the people, or are we going to allow this bill to stay here without final action?

I want to pass from that now. I do not want to have the impression imposed upon me further as to my own insufficiency in a colloquy with the Senator from Illinois. I am trying to read language and give my interpretation of it the best I know how.

The next point about which my friend from Arkansas [Mr. ROBINSON] is in error is this: I took up the banner of the Senator from South Carolina [Mr. SMITH], who made a speech here deploring the fact that we had not been able, or we had not seen fit, or by some means we had not done anything to put purchasing power in the hands of the masses. I understood the Senator from South Carolina to say that we had made ourselves ridiculous, with too much to eat and too much to wear, by allowing the people of this country to starve to death in this kind of a condition. I understood the Senator from South Carolina, who is one of the deans of the Senate, to have said that here, in the midst of plenty, we were quibbling and going counter to the absolute necessity of expanding the purchasing power and the currency in such a way that the masses might enjoy the wealth that is here in the land. If I did not correctly understand the Senator from South Carolina, I pause to be corrected by him.

Mr. SMITH. You did.

Mr. LONG. The Senator says I did.

Mr. President, I am not criticizing the President except insofar as the Senator from Arkansas may show it to be a criticism; but I tell you that when the President of the United States goes forward over the front-line trenches, armed with the accoutrements and the weapons that are necessary to fling starvation from the faces of the masses, to do away with destitution, and to do away with the terrible paralysis today which is causing the people to suffer worse than though we had famine, he cannot go forward with the old weapons that brought about this disaster and expect an improvement.

How is the President going to go along here with this old Federal Reserve outfit and expect to do anything with it in the future? I pause for the Senator from Arkansas to tell me how. How is he going to go along here with Eugene Meyer, and that Federal Reserve Board, and a clique that has come out of the offices of Morgan & Co., headed by Parker Gilbert, sitting here over the financial destiny of this administration, if that is the clique that brought us into the condition in which we now find ourselves?

I am undertaking to advise the President, perhaps not to my own interest. That does not make any difference. I

am not worried a bit about that. I think the Senator from Arkansas will admit that I have gone half way in trying to vote for things here, the validity of which I doubted seriously; and I want to say to the credit of the Senator from Arkansas that I think he has extended his conscience in that direction just as far as it is possible for good legislative counsel to do. He deserves that compliment as much as I do. I did not get it from him. But you cannot make sense out of a proposition that you have to take \$500,000,000 away from underpaid people and starving people in order to get \$800,000,000 more.

I did say that we in Louisiana did not care anything about one of these sapling-planting bills. We do not need the saplings. The saplings will not help us any. What we need is some place to sell our products.

In conclusion, Mr. President, I wish to say that I would not have it thought for a moment that I would recant or retract a single word that I have said here today. "Someone must speak the truth to the king in the presence of the people. Somebody must speak the truth to the people in the presence of the king." I know I have spoken the truth here today, because I have spoken the facts as laid down by the President of the United States himself and by the Democratic platform.

I know I have warned of what the President is sitting among. I know how the people of this country are situated today, Mr. President. You cannot tell me that there is an improvement since March 3 with more than 150,000 more men out of work now than there were on the 3d day of March. You can argue all you please, and you are entitled to your opinion and your conviction; but when anybody tells you that things are getting better when 200,000 more men have no jobs today than had them a month ago, there is not any way to tell me that. There is not any way of telling me that things are getting better when the veteran of the Spanish-American War or the World War who was eking out some kind of an existence, and here and there helping some brother or sister or son or daughter from the little pittance that he was getting from the Government has had that taken away from him. You may tell me that that is bettering conditions, but I do not believe it, and I do not believe anybody else with any kind of legislative discretion believes that.

Mr. President, I hope we will make some effort to better conditions. I voted for the Wagner bill that the Senator mentions—yes. I voted for the Wagner bill under the Hoover administration. I voted for any kind of legislation which would consciously and properly put men to work. I would vote for more legislation of that kind; but, Mr. President, in a few words, here is all the President of the United States and the Senate and Congress have to do: All in the world we have to do is to put purchasing power into the hands of the masses.

"Expand the currency" was the promise. That is the expectation. We are not expanding the currency. We are deflating. We are not opening up banks for the distribution of capital and for the extension of credit. We are in the business of closing banks; and I have been privately informed—I may be in error as to this information, but I have been told—that even on this date the proposed bank bill, to which we were to be supplied with an introduction some time during the day, has been brought to a sudden halt, due to advices that have come from the same realm of financial spiritualism that has dictated our past actions in this body and the body at the other end of the Capitol.

So, Mr. President, hope is growing dim. It has gone glimmering. We are not going along the lines necessary to open up this country; and why sit here and argue with ourselves?

I was a political friend of the President-elect before some of my critics were. I helped nominate him when some of my critics were not doing anything of the kind. I did all I could. When I came to this body I was one of the few who did not think Franklin D. Roosevelt was the man to nominate for President of the United States, and I want to say to the credit of the Senator from Montana [Mr. WHEELER] and the Senator from Nebraska [Mr. NORRIS] that



I soon came to the conclusion that they were right and I was wrong, and I became a sincere admirer of the principles enunciated by Franklin D. Roosevelt. I did not confine my activities in behalf of the nomination of Mr. Roosevelt to the State of Louisiana by any means, Mr. President. There are governors of other States, I think, who will verify whether or not I undertook to go into other States and to assist in the nomination of Mr. Roosevelt; and I did not do it because I wanted patronage from Mr. Roosevelt, nor because I liked the man, or thought he was working night and day. I did it because his pronouncements for the decentralization of wealth, and the shortening of the hours of labor, and the expansion of the purchasing power into the hands of the masses gave hope for this country. That is why we went out and undertook to nominate and to elect Franklin D. Roosevelt President of the United States; and I gave the President a chance not to have me go into North or South Dakota or Kansas or Nebraska.

Long after his nomination I waited, until our candidate of the Democratic Party come out again and reaffirmed his pledge and the platform pledge that he was in favor of decentralizing wealth and shortening hours and putting purchasing power into the hands of the masses. I am not disclosing any confidence when I say that I said to the President in his own home, "Do not let me go to the Dakotas or to Kansas or to Nebraska and tell the people there that we are going to shorten these hours and decentralize this wealth unless we are going to do it." I remade those promises in no more glowing terms than those in which they were made by the candidate himself.

Mr. President, are we to continue along the lines of deflation, concentration, closing of banks, taking purchasing power from the masses, impoverishing the soldiers, starving the common class, and eradicating every hope and every vestige of hope that can come by retaining these invisible influences, who have now become visible, which were invisible and criticized at one time? The only difference between such things as the Parker Gilbert influence under the Hoover administration and the same influence today was that under the Hoover administration it was referred to as an invisible power, and today it is boldly and openly asserted, and is visible in the concoction and passage of legislation dealing with the finances and currency and the purchasing power of the American people.

Mr. BORAH. Mr. President, I shall defer discussing the matter which I had intended to discuss, but I take a moment to suggest that we have before us the farm relief bill. It seems to me that we are losing interest in it, and in all probability are willing that it should be put aside, not technically, but through discussion of other matters. There are provisions in the bill in which the Senate has little faith. I suspect a majority of the Senate would like to see these provisions rejected.

Mr. President, we are going to pass this particular farm relief bill. There are provisions in it which, if they stood alone, I should not vote for. But this particular bill is going to pass the Senate, and the more speedily it is passed the better it will be for a great many people who are interested in this relief measure.

There is one provision in the bill, with reference to the refinancing of the farm indebtedness of the United States, which seems to me of very great moment. I think it will carry immediate, specific, concrete relief to thousands and thousands of farmers of the United States who are seriously in debt. That portion of the bill alone ought to lead us to a speedy disposal of the measure. The other things will follow, and we may discuss them for a week or for a month, but in the end they will be a part of the bill which is passed. The bill should be changed, but it is not going to be changed for reasons it is not necessary to discuss.

I urge, if I may do so, that we dispose of this farm-relief measure tomorrow. It has been suggested that three other measures are to be brought up tomorrow. If they are brought up, another day will pass, and perhaps 2 days will pass, before the farm bill will again be considered, and it will be here for an interminable length of time. I want to

call attention to the fact that in the meantime hundreds and thousands of farmers are daily coming closer, if not actually, to the loss of their homes. The only hope they have out of the pending bill is the refinancing portion of it. The other part, even if ultimately successful, will not bring immediate relief. Conceding that it may bring ultimate relief, it will not bring immediate relief; but the refinancing portion of the bill will bring immediate relief. Immediate relief means the saving of the homes and the farms of a great many farmers throughout the United States.

Mr. President, I trust that my friend the Senator from Indiana [Mr. ROBINSON], who wants to talk about Russia, which would be a great temptation for others, and the Senator from Alabama [Mr. BLACK], who is interested in his 5-day week bill and the measure with reference to the censorship, as it is called, may be put aside, and permitted to remain aside until we dispose of the farm relief bill.

I want the refinancing proposition of the bill enacted into law as soon as it may be. I shall vote for the other portion of the bill, but only because it is a part of the measure.

Mr. REED. Mr. President, will the Senator yield for a question?

Mr. BORAH. I yield.

Mr. REED. Does not the Senator think that if the refinancing section stood by itself, we could pass it before 6 o'clock tonight? Everybody with whom I have talked is in favor of that part of the bill.

Mr. BORAH. I do think that; but I know, if the Senator from Pennsylvania will permit me to say so, that that is impossible. There are those who are interested in the other features of the bill who are unwilling to separate the refinancing proposition from the other portion of the bill. I should like very much myself to see that done. I would vote for it, and then be relieved from voting for that portion of the bill which I fear will not prove practicable. But we are not going to have that opportunity. When we vote upon the refinancing feature we are also going to be compelled to vote on the allotment plan, and we are going to vote on the other portions of the bill. Therefore, it seems to me that we should proceed without further discussion in the matter and pass the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

Mr. McNARY. Mr. President, may the committee amendment be stated?

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, line 14, under the subhead "Miscellaneous", after the word "this", to strike out "act" and insert "title"; and in line 21, after the word "this", to strike out "act" and insert "title", so as to read:

Sec. 10. (a) The Secretary of Agriculture may appoint such officers and employees, subject to the provisions of the Classification Act of 1923 and acts amendatory thereof, and such experts as are necessary to execute the functions vested in him by this title; and the Secretary may make such appointments without regard to the Civil-Service laws or regulations: *Provided*, That no salary in excess of \$10,000 per annum shall be paid to any officer, employee, or expert of the emergency agricultural-adjustment administration, which the Secretary shall establish in the Department of Agriculture for the administration of the functions vested in him by this title.

The amendment was agreed to.

The next amendment was, on page 13, line 24, after the word "this", to strike out "act" and insert "title"; and on page 14, line 1, after the word "permit", to insert "processors and", so as to read:

(b) The Secretary of Agriculture is authorized to establish, for the more effective administration of the functions vested in him by this title, State and local committees, or associations of producers, and to permit processors and cooperative associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with the distribution of rental or benefit payments.

The amendment was agreed to.

The next amendment was, on page 14, line 9, after the word "this", to strike out "act" and insert "title", so as to read:



(c) The Secretary of Agriculture is authorized, with the approval of the President, to make such regulations with the force and effect of law as may be necessary to carry out the powers vested in him by this title. Any violation of any regulation shall be subject to such penalty, not in excess of \$100, as may be provided therein.

The amendment was agreed to.

The next amendment was, on page 14, line 14, after the word "this", to strike out "act" and insert "title"; in line 17, after the word "imposed", to insert "or refunds to be made"; and in line 18, after the word "thereto", to strike out the comma and "and defining processing with respect to any commodity", so as to read:

(d) The Secretary of the Treasury is authorized to make such regulations as may be necessary to carry out the powers vested in him by this title, including regulations, with the force and effect of law establishing conversion factors for any commodity and article processed therefrom to determine the amount of tax imposed or refunds to be made with respect thereto.

The amendment was agreed to.

The next amendment was, on page 15, line 1, after the word "this", to strike out "act" and insert "title", and in line 3, after the name "American Samoa", to insert "the Canal Zone", so as to read:

(f) The provisions of this title shall be applicable to the United States and its possessions, except the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and the island of Guam.

The amendment was agreed to.

The next amendment was, on page 15, line 6, after the word "this", to strike out "act" and insert "title", and in line 8, after the word "this", to strike out "act" and insert "title", so as to read:

(g) No person shall, while acting in any official capacity in the administration of this title, speculate, directly or indirectly, in any agricultural commodity or product thereof, to which this title applies, or in contracts relating thereto, or in the stock or membership interests of any association or corporation engaged in handling, processing, or disposing of any such commodity or product. Any person violating this subsection shall upon conviction thereof be fined not more than \$10,000 or imprisoned not more than 2 years, or both.

The amendment was agreed to.

The next amendment was, on page 15, after line 14, to insert:

(h) For the efficient administration of the provisions of part 2 of this title, the provisions, including penalties, of sections 8, 9, and 10 of the Federal Trade Commission Act, approved September 26, 1914, are made applicable to the jurisdiction, powers, and duties of the Secretary in administering the provisions of this title and to any person subject to the provisions of this title, whether or not a corporation. Hearings authorized or required under this title shall be conducted by the Secretary of Agriculture or such officer or employee of the Department as he may designate for the purpose. The Secretary may report any violation of any agreement entered into under part 2 of this title to the Attorney General of the United States, who shall cause appropriate proceedings to enforce such agreement to be commenced and prosecuted in the proper courts of the United States without delay.

Mr. FESS. Mr. President, I should like to invite the attention of the chairman of the committee to the amendment on page 15, beginning with line 15. That amendment would transfer to the Secretary of Agriculture, so far as the bill would be affected, the functions of the Federal Trade Commission, and it would write into the law sections 8, 9, and 10 of the Federal Trade Commission Act. Those sections include the power of investigation, with a penalty attached.

There are two questions in my mind. One is, Why should we put into the hands of the Secretary of Agriculture the function of a commission which is already created, with all the machinery necessary to make investigations? That is the first question. Why should we duplicate?

Mr. SMITH. Mr. President, in answer to that question I may say that it was thought by the committee and by those who drafted the bill that as this measure pertained to agricultural products much time could be saved during the short life of the measure by having the power granted by the Secretary of Agriculture to expedite matters, so

that questions might be determined by him rather than go through the machinery, indirectly, of the Federal Trade Commission.

Mr. FESS. Mr. President, I think the power is objectionable, not alone because of the necessity of building up machinery which already is instituted in the Federal Trade Commission, but I fear that, time being the essence and the desire being for quick action, in all probability the time necessary to make adequate investigation will not be given.

Mr. McKELLAR. Mr. President, of course, those on the committee know more about the matter than I do, but as I understand this provision it would give the Secretary of Agriculture the use of the Federal Trade Commission in these three particulars.

Mr. SMITH. No; the Senator is wrong. It would give him the same power included in the sections referred to here in order to expedite the administration, because the language is:

For the efficient administration of the provisions of part 2 of this title, the provisions, including penalties, of sections 8, 9, and 10 of the Federal Trade Commission Act, approved September 26, 1914, are made applicable to the jurisdiction, powers, and duties of the Secretary in administering the provisions of this title.

Mr. McKELLAR. Mr. President, I see that by subsequent statement in line 22 the Secretary is authorized and directed to hold hearings. So the Senator is correct about it.

Mr. FESS. Mr. President, the Secretary would have the power under the Federal Trade Commission Act to fix a penalty of from \$1,000 to \$5,000, and it appears to me that it is an unusual delegation of power to an individual. In the first place, the Federal Trade Commission has all the machinery necessary; there is no necessity of any further expenditure, and if we are to assume that the investigation is not such as to justify the matter being referred to the Federal Trade Commission, but the power can be exercised through the Secretary of Agriculture, it does not look like a fair deal to a person who is haled before the Secretary of Agriculture for a violation of law.

Mr. SMITH. Mr. President, may I call the attention of the Senator to this fact, which I think will be persuasive, that all the matters arising under this bill will be better known and more thoroughly comprehended by the Secretary of Agriculture and his forces than they could be supposed to be by the Federal Trade Commission, and, therefore, in order to expedite the workings of the proposed law, it was deemed wise to give the Secretary, for the life of the measure, the power proposed to be vested in him?

Mr. FESS. Mr. President, I think the Senator will agree with me that if the purpose is to enforce the will of the Secretary—and under the bill the Secretary has all authority—and to give him the power of the Federal Trade Commission in making the investigation, we are eliminating every feature of equity when a dispute arises, for the man who enforces the law is the one who is going to investigate the charge. If a provision more despotic than that can be made, I do not know what it would be.

Mr. SMITH. I think, of course, the committee were persuaded that the Secretary of Agriculture and his corps of helpers and administrators would necessarily be more intimately conversant with the circumstances involved in any dispute than could be the Federal Trade Commission.

Mr. FESS. I agree with the Senator in that respect, but I think the Senator will agree with me that in a particular case of this kind, where the Secretary wants a thing done in accordance with his understanding of the law, he would hardly be an impartial judge of the violation of the law.

Mr. McKELLAR. Mr. President, will the Senator from Ohio yield to me for just a moment?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Carolina?

Mr. FESS. I yield.

Mr. McKELLAR. As the Senator and I both know, we have permitted many commissions to be clothed with the



power to impose penalties, and the law has so provided, but I ask has the Senator ever known of a case where a commission has actually inflicted a penalty? I ask that question merely for the purpose of indicating that, in my judgment, while the Secretary is given the power to impose the penalty, there will be no penalties imposed, but that the power may be used without resort to penalties.

Mr. FESS. The Senator asks me for information. I am not sufficiently acquainted with what has taken place to say whether a penalty ever has been inflicted or not, but I know when we passed such laws we expected in case of any obvious violation that a penalty would be imposed. While I am in sympathy with the effort on the part of the committee to reach a final decision, we are going into such unusual fields in this particular legislation that I am getting dizzy about it.

Mr. SMITH. Well, Mr. President, the Senator from Ohio will realize that this is a departure from almost any precedent we have. The whole bill, from start to finish, is an attempt by every method that we possibly can call into operation to bring about a more satisfactory condition in reference to agriculture. The Senator will recognize that in providing for the imposition of a tax extraordinary power is granted to the Secretary of Agriculture.

Mr. FESS. The Senator is right about that. It is not only an experiment, but there never has been any such legislative proposal offered in any parliamentary body of which I know.

Mr. HATFIELD. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from West Virginia?

Mr. SMITH. I yield.

Mr. HATFIELD. As the Senator knows, I have had prepared by my office force two tables dealing with the pre-war prices of the seven commodities embraced in this proposed legislation. In one table the pre-war prices are compared with prices in February 1933, and in the other with prices for March 1933. I am wondering if the chairman of the Committee on Agriculture would be interested in having these two tables printed in the RECORD.

Mr. SMITH. I should be very glad to have that done, Mr. President. I have looked over the tables and I think they are worth while.

Mr. HATFIELD. I ask unanimous consent that these tables may be published in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD.

Mr. HATFIELD. The following tabulation shows the pre-war average price for the seven commodities that are mentioned in the emergency farm aid bill (S. 507) and also the average price for March 15, 1933, with the exception of the price for rice and tobacco, which is for February 1932.

The third column shows the increase that would have to be made in the price as given for March 15, 1933, in order to bring it to the pre-war average.

Prices as here mentioned refer to the price received by producers at local farm markets and are based on reports to the Division of Crop and Livestock Estimates of the Department of Agriculture.

The pre-war price is the price for the 5-year average from August 1909 to July 1914.

	Pre-war average, 1909-14	Price for February 1933	Decline from pre-war price	Increase necessary to equal pre-war price
			Percent	Percent
Cotton (per pound).....	12.4 cents.....	5 cents.....	58	140
Corn (per bushel).....	64.2 cents.....	19 cents.....	70	240
Wheat (per bushel).....	88.4 cents.....	32 cents.....	64	175
Hogs (per 100 pounds).....	\$7.24.....	\$2.94.....	59	146
Beef (per 100 pounds).....	\$5.20.....	\$3.31.....	36	57
Sheep (per 100 pounds).....	\$4.55.....	\$2.16.....	52	110
Rice (per bushel).....	83 cents.....	February 1932, 39 cents.....	53	113
Tobacco (per pound).....	11 cents.....	February 1932, 10 cents.....	9	10
Milk (per 100 pounds).....	\$1.79.....	February 1933, \$1.16.....	35	54
Butter (per pound).....	25.5 cents.....	18 cents.....	28	40

	Pre-war average, 1909-14	Price for Mar. 15, 1933	Increase necessary to equal pre-war price
			Percent
Cotton (per pound).....	12.4 cents.....	6.1 cents.....	103
Corn (per bushel).....	64.2 cents.....	20.6 cents.....	211
Wheat (per bushel).....	88.4 cents.....	34.5 cents.....	156
Hogs (per 100 pounds).....	\$7.24.....	\$3.22.....	124
Rice (per bushel).....	83 cents.....	39 cents.....	113
Tobacco (per pound).....	11 cents.....	10 cents.....	10
Milk (per 100 pounds).....	\$1.79.....	\$1.10.....	63
Butter (per pound).....	25.5 cents.....	18 cents.....	42

The PRESIDING OFFICER. The question is on agreeing to the committee amendment beginning on page 15, line 15. The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, under the subhead "Commodities", on page 16, line 7, after the word "this", to strike out "act" and insert "title"; in line 8, before the word "corn", to insert "field"; in line 9, before the word "rice", to strike out "cattle, sheep,"; in line 12, after the word "this", to strike out "act" and insert "title", and in line 17, after the word "this", to strike out "act" and insert "title", so as to make the section read:

SEC. 11. As used in this title, the term "basic agricultural commodity" means wheat, cotton, field corn, hogs, rice, tobacco, and milk and its products, and any regional or market classification, type, or grade thereof; but the Secretary of Agriculture shall exclude from the operation of the provisions of this title, during any period, any such commodity or classification, type, or grade thereof if he finds, upon investigation at any time and after due notice and opportunity for hearing to interested parties, that the conditions of production, marketing, and consumption are such that during such period this title cannot be effectively administered to the end of effectuating the declared policy with respect to such commodity or classification, type, or grade thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Appropriation", on page 16, line 23, after the word "this", to strike out "act" and insert "title"; and on page 17, line 1, after the word "under", to strike out "this act" and insert "parts 1 and 2 of this title", so as to read:

SEC. 12. (a) The proceeds derived from taxes imposed under this title, or so much thereof as may be necessary, are hereby appropriated to be available to the Secretary of Agriculture for rental and benefit payments and administrative expenses, including refunds under parts 1 and 2 of this title, personal services in the District of Columbia and elsewhere, contract stenographic reporting services, and printing and paper in addition to allotments under existing law.

The amendment was agreed to.

The next amendment was, on page 17, line 9, after the word "advance", to insert a comma and "out of any moneys in the Treasury not otherwise appropriated", so as to read:

(b) The Secretary of Agriculture and the Secretary of the Treasury shall jointly estimate from time to time the amounts currently required for such payments and expenses, and the Secretary of the Treasury shall advance, out of any moneys in the Treasury not otherwise appropriated, to the Secretary of Agriculture the amounts so estimated.

Mr. VANDENBERG. Mr. President, I want to ask the able Senator from South Carolina about section 2, to which this amendment relates. We are now dealing with a type of appropriations direct from the Treasury. One type covers the initial payment, as I understand, for rentals and benefits.

Mr. SMITH. Yes.

Mr. VANDENBERG. Those appropriations are recouped to the Treasury if the processing tax is sufficient, but not otherwise. Is not that correct?

Mr. SMITH. That is correct.

Mr. VANDENBERG. There could be a deficit at that point?

Mr. SMITH. Yes; that is correct.

Mr. VANDENBERG. The other type of appropriation which comes direct from the Treasury is for administrative expenses, so called. Has there been any estimate made as to what those administrative expenses may be?

Mr. SMITH. I think not. There have been certain suggestions made, but I think there have been no definite fig-



ures submitted, at least, there have not been any submitted to the committee.

Mr. VANDENBERG. Would it be unfair to say that the administration of the bill will require a corps of inquisitors and taxgatherers, touching every county in the United States and virtually touching every farm and every processing factory?

Mr. SMITH. In regard to that, it has been suggested, and I think stated as a fact, that the present force employed, including attachés and employees of the Agricultural Department in their various capacities, such as farm-extension work, the administration of crop-production funds, and also the field force, the R.F.C., will be utilized to do this work without additional expense so far as possible. There are counties, I understand, in which no such employees of the Government will be available.

Mr. VANDENBERG. The Senator indicated that there have been some tentative estimates as to expenditures. May I inquire what those are?

Mr. SMITH. I do not recall what they are; I cannot honestly state.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in line 9, on page 17.

The amendment was agreed to.

The PRESIDING OFFICER. The next amendment reported by the committee will be stated.

The next amendment was, on page 17, line 12, after the word "of", to insert the word "any", so as to read:

The amount of any such advance shall be deducted from such funds as subsequently become available under subsection (a).

The amendment was agreed to.

The next amendment was, on page 17, line 16, after the word "this", to strike out "section" and insert "title"; and in line 19, after the word "of", to strike out "this act" and insert "parts 1 and 2 of this title", so as to read:

(c) The Secretary of Agriculture shall transfer to the Treasury Department and is authorized to transfer to other agencies, out of funds available under this title, such sums as are required to pay administrative expenses incurred and refunds made by such department or agencies in the administration of parts 1 and 2 of this title.

The amendment was agreed to.

The next amendment was, under the subhead "Termination of act", on page 17, line 21, after the word "This", to strike out "act" and insert "title"; and on page 18, line 2, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 13. This title shall cease to be in effect whenever the President finds and proclaims that the national economic emergency in relation to agriculture has been ended; and pending such time the President shall by proclamation terminate with respect to any basic agricultural commodity such provisions of this title as he finds are not requisite to carrying out the declared policy with respect to such commodity. The Secretary of Agriculture shall make such investigations and reports thereon to the President as may be necessary to aid him in executing this section.

The amendment was agreed to.

The next amendment was, under the subhead "Separability of provisions", on page 18, line 8, after the word "this", to strike out "act" and insert "title"; and in line 11, after the word "this", to strike out "act" and insert "title", so as to read:

SEC. 14. If any provision of this title is declared unconstitutional, or the applicability thereof to any person, circumstance, or commodity is held invalid, the validity of the remainder of this title and the applicability thereof to other persons, circumstances, or commodities shall not be affected thereby.

The amendment was agreed to.

The next amendment was, under the subhead "Supplementary revenue provisions, exemptions, and compensating taxes", on page 19, after line 5, to strike out:

(b) No tax shall be required to be paid on the processing of any commodity by the producer thereof on his own premises for consumption of his own family, employees, or household; and the Secretary of Agriculture is authorized, by regulations, to exempt producers from the payment of the processing tax with respect to hogs, cattle, sheep, or milk and its products in cases where the producer's sales of the products resulting from the processing of the commodity do not exceed \$100 per annum.

And in lieu thereof to insert:

(b) The Secretary of Agriculture may provide by regulations for exemption from the tax of commodities processed by the producer thereof or processed for the producer.

Mr. McNARY. Mr. President, on page 17, line 24, in subdivision (b), there is a committee amendment. I probably may desire to offer an amendment to that, but that amendment would not be in order at this time, I understand.

The PRESIDING OFFICER. The amendment would not be in order until the committee amendments shall have been disposed of. The question is on agreeing to the amendment of the committee beginning on line 6, page 19.

The amendment was agreed to.

The next amendment of the Committee on Agriculture and Forestry was, on page 19, line 20, after the word "this", to strike out "act" and insert "title", and in line 22, after the word "this", to strike out "act" and insert "title", so as to read:

(c) Any person delivering any product to any organization for charitable distribution or use shall, if such product or the commodity from which processed, is under this title subject to tax, be entitled to a refund of the amount of any tax paid under this title with respect to such product so delivered.

The amendment was agreed to.

The next amendment was, on page 20, line 3, after the word "competing", to strike out "agricultural"; in line 10, after the word "competing", to strike out "agricultural"; in line 14, after the word "competing", to strike out "agricultural"; in line 19, after the word "competing", to strike out "agricultural"; in line 20, after the word "per," to strike out "like unit" and insert "equivalent unit, as determined by the Secretary"; and in line 20, after the word "commodity" and the period, to strike out "The term 'competing agricultural commodity' shall include, among others, rayon, silk, linen, and oleomargarine, and any basic agricultural commodity as to which a tax is not in effect under section 9", so as to read:

(d) The Secretary of Agriculture shall ascertain from time to time whether the payment of the processing tax upon any basic agricultural commodity is causing or will cause to the processors thereof disadvantages in competition from competing commodities by reason of excessive shifts in consumption between such commodities or products thereof. If the Secretary of Agriculture finds, after investigation and due notice and opportunity for hearing to interested parties, that such disadvantages in competition exist, or will exist, he shall proclaim such finding. The Secretary shall specify in this proclamation the competing commodity and the compensating rate of tax on the processing thereof necessary to prevent such disadvantages in competition. Thereafter there shall be levied, assessed, and collected upon the first domestic processing of such competing commodity a tax, to be paid by the processor, at the rate specified, until such rate is altered pursuant to a further finding under this section, or the tax or rate thereof on the basic agricultural commodity is altered or terminated. In no case shall the tax imposed upon such competing commodity exceed that imposed per equivalent unit, as determined by the Secretary, upon the basic agricultural commodity.

The amendment was agreed to.

The next amendment was, on page 21, line 6, after the word "this", to strike out "act" and insert "title"; and in line 7, after the word "this", to strike out "act" and insert "title", so as to read:

(e) During any period for which a processing tax is in effect with respect to any commodity there shall be levied, assessed, collected, and paid upon any article processed or manufactured wholly or in chief value from such commodity and imported into the United States or any possession thereof to which this title applies, from any foreign country or from any possession of the United States to which this title does not apply, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of importation. Such tax shall be paid prior to the release of the article from customs custody or control.

The amendment was agreed to.

The next amendment was, under the subhead "Floor stocks", on page 22, after line 13, to insert:

(c) For the purposes of this section the term "retail trade" shall not be held to include the business of an establishment which is owned, operated, maintained, or controlled by the same individual, firm, corporation, or association that owns, operates, maintains, or controls any more than two other establishments of the same character.

The amendment was agreed to.



The next amendment was, under the subhead "Exportations", on page 22, line 25, after the word "this", to strike out "act" and insert "title"; and on page 23, line 2, after the word "this", to strike out "act" and insert "title", so as to read:

Sec. 17. (a) Upon the exportation to any foreign country (including the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam) of any product with respect to which a tax has been paid under this title, or of any product processed wholly or in chief value from a commodity with respect to which a tax has been paid under this title, the exporter thereof shall be entitled at the time of exportation to a refund of the amount of such tax.

The amendment was agreed to.

The next amendment was, on page 23, line 7, after the word "this", to strike out "act" and insert "title"; and in line 10, after the word "this", to strike out "act" and insert "title", so as to read:

(b) Upon the giving of bond satisfactory to the Secretary of the Treasury for the faithful observance of the provisions of this title requiring the payment of taxes, any person shall be entitled, without payment of the tax, to process for such exportation any commodity with respect to which a tax is imposed by this title, or to hold for such exportation any article processed wholly or in chief value therefrom.

The amendment was agreed to.

The next amendment was, under the subhead "Existing contracts", on page 23, line 14, after "Sec. 18. (a)", to strike out "If (1) any processor, jobber, or wholesaler has, prior to the date of approval of this act, made a bona-fide contract of sale for delivery after such date of any article in respect of which a tax is imposed under this act" and in lieu thereof to insert "If (1) any processor, jobber, or wholesaler has, prior to the date a tax with respect to any commodity is first imposed under this title, made a bona-fide contract of sale for delivery after such date, of any article processed wholly or in chief value from such commodity."

So as to read:

Sec. 18. (a) If (1) any processor, jobber, or wholesaler has, prior to the date a tax with respect to any commodity is first imposed under this title, made a bona-fide contract of sale for delivery after such date, of any article processed wholly or in chief value from such commodity, and if (2) such contract does not permit the addition to the amount to be paid thereunder of the whole of such tax, then (unless the contract prohibits such addition) the vendee shall pay so much of the tax as is not permitted to be added to the contract price.

The amendment was agreed to.

The next amendment was, on page 24, line 6, after the word "this", to strike out "act" and insert "title", so as to read:

(b) Taxes payable by the vendee shall be paid to the vendor at the time the sale is consummated and shall be collected and paid to the United States by the vendor in the same manner as other taxes under this title. In case of failure or refusal by the vendee to pay such taxes to the vendor, the vendor shall report the facts to the Commissioner of Internal Revenue who shall cause collections of such taxes to be made from the vendee.

The amendment was agreed to.

The next amendment was, under the subhead "Collection of taxes", on page 24, line 12, after the word "this", to strike out "act" and insert "title", so as to read:

Sec. 19. (a) The taxes provided in this title shall be collected by the Bureau of Internal Revenue under the direction of the Secretary of the Treasury. Such taxes shall be paid into the Treasury of the United States.

The amendment was agreed to.

The next amendment was, on page 24, line 20, after the word "this", to strike out "act" and insert "title", and in line 21, after the word "this", to strike out "act" and insert "title", so as to read:

(b) All provisions of law, including penalties, applicable with respect to the taxes imposed by section 600 of the Revenue Act of 1926, and the provisions of section 626 of the Revenue Act of 1932, shall, insofar as applicable and not inconsistent with the provisions of this title, be applicable in respect of taxes imposed by this title.

The amendment was agreed to.

The next amendment was, on page 24, line 23, after the word "exceeding", to strike out "60" and insert "90",

and in line 25, after the word "this", to strike out "act" and insert "title", so as to make the proviso read:

Provided, That the Secretary of the Treasury is authorized to permit postponement, for a period not exceeding 90 days, of the payment of taxes covered by any return under this title.

The amendment was agreed to.

The next amendment was, on page 25, line 1, after the word "this", to strike out "act" and insert "title"; in line 3, after the word "processors", to insert "or distributors", and in the same line, after the word "processor", to insert "or distributor", so as to read:

(c) In order that the payment of taxes under this title may not impose any immediate undue financial burden upon processors or distributors, any processor or distributor subject to such taxes shall be eligible for loans from the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act.

The amendment was agreed to.

The next amendment was, on page 25, after line 6, to insert:

#### PART 3—COST OF PRODUCTION

Sec. 20. (a) The Secretary of Agriculture, in addition to the powers granted by parts 2 and 3 of this title is hereby authorized, with respect to any basic agricultural commodity, to estimate as nearly as practicable and proclaim from time to time—

(1) The percentage of the domestic production of the commodity, including carry-over stocks, for market during the next marketing period for the commodity, that will be needed for domestic consumption; and

(2) The average domestic cost of production for the commodity.

(b) After such date as shall be specified in the proclamation, it shall be unlawful for any person to purchase any amount of the commodity from the producer or any association of producers at a price, for the domestic consumption percentage thereof, that is less than the proclaimed cost of production for the commodity. The remainder may be purchased at such price as is agreed to by the parties; and shall be segregated for export, or for processing for export, in accordance with regulations of the Secretary of Agriculture.

(c) Any person violating the provisions of subsection (b) shall, upon conviction thereof, be subject to a fine of not more than \$1,000 or imprisonment for not more than 1 year, or both, for each such violation.

(d) The provisions of section 15 (d) and (e) shall apply with respect to commodities or products thereof competing with, and imported articles processed or manufactured wholly or in chief value from, any basic agricultural commodity for which the cost of production has been proclaimed under this section, to the same extent as such provisions apply with respect to commodities or products thereof competing with, or imported articles processed or manufactured wholly or in chief value from, any commodity for which a processing tax is in effect.

(e) In order to carry out the provisions of this section the Secretary of Agriculture is authorized to license persons engaged in the business of purchasing from producers or associations of producers any basic agricultural commodity with respect to which the Secretary has proclaimed the cost of production. Such licenses shall be subject to such terms and conditions as may be necessary effectively to execute the provisions of this section. Any person so engaged without a license as required by the Secretary under this section shall be subject to a fine of not more than \$1,000 for each day the violation continues. The Secretary may suspend or revoke any such license, after due notice and opportunity for hearing, for any violation of this section or of the terms or conditions of the license.

Mr. McNARY. That is a wholly new part of the bill. It met with considerable controversy in the committee and will meet with some opposition on the floor. There are a number of Senators absent this evening, and I suggest to the able Senator who has the bill in charge that we take a recess at this time until tomorrow, when we may take up that amendment.

Mr. SMITH. Mr. President, I should like to make a statement. We have now finished the bill so far as pertains to its farm-relief provisions as sent down by the Department. We have now reached that portion of the bill which was incorporated by the committee on its own initiative, namely, part 3, embodying the cost-of-production plan. Of course, Senators understand that that is a plan which, so far as the testimony before the committee indicates, a vast number of farmers prefer to either the processing tax or the leasing feature.

Mr. CONNALLY. Mr. President, will the Senator yield?  
Mr. SMITH. I yield.



Mr. CONNALLY. Let me inquire of the Senator if the cost-of-production plan as proposed is not optional?

Mr. SMITH. It is optional.

Mr. CONNALLY. The Secretary of Agriculture does not have to put it into operation.

Mr. SMITH. He does not have to do so.

Mr. CONNALLY. If the other provisions do not work, however, he can try the plan thus proposed?

Mr. SMITH. Yes. As I stated earlier today, there are three propositions embraced in the text of the bill. One is the leasing plan, another the allotment plan, and the third the cost-of-production plan. In order that the Senate may thoroughly understand, let me say that the cost-of-production plan does not have reference to all crops, but the principle will be applied upon that portion of crops domestically consumed, so that it comes very nearly being in the same category as the allotment plan. It simply is put in the bill as an alternative for the Secretary to use at his discretion. If for any reason he finds that the cost-of-production plan would be more acceptable and work out more to the benefit of the farmers than would the other plans, he has it here at his disposal. If he does not see fit to use it, of course he will not do so.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. SMITH. I yield.

Mr. BARKLEY. As I understand this provision, if the Secretary of Agriculture finds as to any part of a certain crop used domestically that the cost of producing it amounts to a certain sum, even though my neighbor has produced such a crop he cannot sell it to me, although he wants to get rid of it and I want to buy it, for less than the Secretary claims is the cost of production of that crop in the United States.

Mr. SMITH. The same thing is true of the allotment plan. The tax fixed has got to be paid ultimately. The difference between the two is that under the crop-production plan the original buyer must pay the cost of production on that percentage of the crop that is domestically consumed.

Mr. BARKLEY. In other words, under this provision the Secretary of Agriculture is authorized to proclaim a situation which will result in the application of a criminal statute to any man who buys from the producer for less than the price fixed by the Secretary any portion of a domestically consumed commodity, notwithstanding the fact that the producer is willing to take a price that may be less than that fixed by the Secretary and the purchaser is willing to buy? If the Senator is going to punish me for buying from him, why not punish him for selling to me, if this is to be a criminal statute?

Mr. SMITH. I think it would amount to the same thing. The Senator would be punished for offering me less than the production price, no matter what I might be willing to sell for, and he would be estopped from purchasing it except at the price proclaimed as being the cost of production.

Mr. BARKLEY. If I am a producer of tobacco and the Secretary of Agriculture proclaims that it costs me 5 cents a pound to produce it, then I could not sell the Senator a pound of it for 4 cents without violating the law and subjecting the Senator to a penalty of a thousand dollars a day?

Mr. SMITH. If I am the buyer, I must pay the cost of production. I suppose there will not be very many farmers who will endanger a man in a suit because he offered less. The farmer would always maintain that he should have the cost of production.

Mr. BARKLEY. Does the Senator think that this section is likely to offer any inducement for the purchase of farm products or will it not operate as a hindrance?

Mr. SMITH. The fact of the business is that the same argument may be used against the allotment plan. Is it going to restrict purchases? Under that plan, when the tax is fixed, the processor, who is the ultimate purchaser, has to pay the tax. Under the cost-of-production plan the

purchaser has to pay the cost of production. In both instances, so far as the law is concerned, the price stands fixed and inflexible during the life of the tax or during the time the cost of production is fixed.

Mr. BARKLEY. With reference to commodities, of which there are various types, does the Senator think the Secretary of Agriculture could within reasonable bounds formulate any judgment as to the average cost of production so as to be able to apply it to each type and make it fair as an average among the different types of the same product, so as to work no injustice either to the producer or the purchaser?

Mr. SMITH. No one pretends to deny that there is going to be difficulty in the administration of the two features of the bill which look toward price fixing.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. SMITH. If the Senator will allow me just a moment I will yield. In the case of wheat, under the allotment plan and the tax, there will be different grades of wheat. The Secretary will have to work out a plan by which the equity of the farmer will be maintained in the different grades of his wheat. The same thing is true of cotton, and it would be true under the allotment plan, as it would under the cost-of-production plan.

Mr. BARKLEY. Let us take wheat or corn or tobacco or rye, and let us suppose the Secretary of Agriculture has issued the proclamations. Let us suppose further that a given farmer has a thousand bushels of wheat and that in order to pay his taxes he must raise some money. We will assume the normal price of wheat may be below what the Secretary has proclaimed as the cost of production. Let us assume the farmer wants to raise money to pay his taxes or to pay off a mortgage or for any other emergent purpose, and that he must sell some wheat even though at a sacrifice. He cannot do it under this section because the purchaser will be penalized. He will be confronted with a situation where his crop will be in the barn or in the bin, where he needs money, but he cannot sell because nobody can buy without incurring the penalty. What will happen then?

Mr. SMITH. The same thing would be true there, except there is this difference. Under the cost-of-production plan the price is fixed. Under the allotment plan, if the Secretary found the tax levied was actually retarding the sale, he might lower the tax, but under the cost-of-production plan the price would be fixed.

Mr. BARKLEY. He cannot lower anything then?

Mr. SMITH. No; not under the cost-of-production plan. I yield now to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Mr. President, it is manifest that the pending amendment cannot be disposed of this evening. Does the Senator expect to dispose of it today?

Mr. SMITH. I had hoped that we might make progress on the bill. I think the Senator from Idaho [Mr. BORAH] has voiced what is the real sentiment of the Senate, but it is evident that the pending provision is going to lead to considerable discussion. I should like to ask the Senator from Arkansas, the leader on the Democratic side, if he proposes to ask for an adjournment or a recess?

Mr. ROBINSON of Arkansas. I think that it will be necessary to take a recess. I know that the Senator from Alabama [Mr. BLACK] hopes for an adjournment; but in view of the discussions which have taken place and of the sentiment that has been expressed to me, I am going to suggest a recess until 12 o'clock noon tomorrow. It will not be practicable to meet at 10 o'clock, for the reason that a number of committees are meeting at that hour in the morning and the chairmen of those committees have insisted that we meet at the usual hour.

Mr. SMITH. I should like to state to the Senator that a bill has been referred to the Committee on Agriculture and Forestry, and I was asked, in order to expedite it, to call the committee together tomorrow morning at 10 o'clock. The bill is known as the Muscle Shoals bill. I have issued a call for that hour for a meeting of the committee.



Mr. ROBINSON of Arkansas. I find there are 5 or 6 committees of first importance which are meeting in the morning, and I do not believe it practicable to recess until 10 o'clock. I suggest, then, that we recess now, but before doing that I should like to have a brief executive session.

Mr. SMITH. Very well.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business. The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. GEORGE in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned, which was referred to the Committee on Finance.

#### REPORTS OF COMMITTEES

The PRESIDING OFFICER. Reports of committees are in order.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably sundry nominations in the Army.

The PRESIDING OFFICER. The nominations will be placed on the Executive Calendar.

Mr. NORRIS, from the Committee on the Judiciary, reported favorably the nomination of Joseph W. Woodrough, of Nebraska, to be United States circuit judge, eighth circuit, which was ordered to be placed on the Executive Calendar.

The PRESIDING OFFICER. The calendar is in order.

#### JULIAN L. SCHLEY

The Chief Clerk read the nomination of Julian L. Schley to be Governor of the Panama Canal Zone.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### CUSTOMS SERVICE

The Chief Clerk read the nomination of Harry M. Durning to be collector of customs, customs collection district no. 10, New York, N.Y.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. Without objection, the President will be notified of the nominations this day confirmed. That concludes the Executive Calendar.

The Senate resumed legislative business.

#### RECESS

Mr. SMITH. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and the Senate (at 5 o'clock and 25 minutes p.m.) took a recess until tomorrow, Wednesday, April 12, 1933, at 12 o'clock meridian.

#### NOMINATION

*Executive nomination received by the Senate April 11, 1933*

#### COLLECTOR OF CUSTOMS

Harry L. Sexton, of Brownsville, Tex., to be collector of customs for customs collection district no. 23, with headquarters at San Antonio, Tex., in place of Roy Campbell, resigned.

#### CONFIRMATIONS

*Executive nominations confirmed by the Senate April 11, 1933*

#### GOVERNOR OF PANAMA CANAL

Julian L. Schley to be Governor of Panama Canal.

#### COLLECTOR OF CUSTOMS

Harry M. Durning to be collector of customs, district no. 10, New York, N.Y.

## HOUSE OF REPRESENTATIVES

TUESDAY, APRIL 11, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, we rejoice that we are in a world where Thou dost reign. Thou art the fountain of mercy and dost bring light out of darkness and peace out of pain, and doeth all things well. May we accept it, our Heavenly Father, for larger service and for diviner joys in which our enfranchised souls shall share with those who walk with Thee. In all things that shall be done today may we hear Thy "Well done" and have the blessing of the heart that is undisturbed. Blessed Lord, crown us with minds that plan and ponder, with hearts that yearn and aspire; and may they be used for Thy glory and for our country's good, and Thine shall be the praise. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I make a parliamentary inquiry?

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understand, there are several rules to be brought up this morning. Can the majority leader tell me in what order those rules are to be brought up?

Mr. BYRNS. There is only one rule to be taken up this morning, and that is the rule with reference to the post-office leases. After that the rule relative to the farm-mortgage loans will be taken up.

#### INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I call up the resolution (H.Res. 98) for immediate consideration.

The Clerk read as follows:

#### House Resolution 98

*Resolved*, That immediately upon the adoption of this resolution the House shall proceed to the consideration of House Resolution 59, and all points of order against said resolution shall be considered as waived. That after general debate, which shall be confined to the resolution and shall continue not to exceed 30 minutes, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the previous question shall be considered as ordered on the resolution to its adoption or rejection.

Mr. SABATH. Mr. Speaker, this resolution makes in order the resolution extending the time for the Committee on the Post Office and Post Roads in the House with reference to the investigation that was authorized in the last session. The members of that committee were not able to complete their work, and this resolution simply authorizes them to proceed with their investigation.

I do not desire to take up any time of the House at this time.

Mr. SNELL. Will the gentleman yield for a question?

Mr. SABATH. Certainly.

Mr. SNELL. The gentleman says the Committee on the Post Office and Post Roads has not been able to complete its investigation.

Mr. SABATH. That is correct.

Mr. SNELL. I had understood from general conversation, not official, that the investigation was all made, but this extension was for the purpose of completing the report to Congress. Is that correct or not?

Mr. SABATH. I understand that additional investigation is under consideration, but I do not suppose it will take a very long time to complete it.

Mr. SNELL. Is the chairman of the committee present?

Mr. SABATH. The chairman of the committee is present, and he will explain what they have done and what they desire to do in the future.

Mr. SNELL. I had understood it was just to give additional time for the purpose of compiling their report and



making the report to Congress, but practically there was no more investigation to be made.

Mr. SABATH. It may be that one or two more witnesses will be called, if I am correctly informed.

I now yield to the gentleman from New York [Mr. MEAD] 5 minutes.

Mr. MEAD. Mr. Speaker, this resolution from the Rules Committee, House Resolution 59, merely permits the Committee on the Post Office and Post Roads, as now constituted, to continue an investigation which was ordered in the Seventy-second Congress. In that Congress a resolution was approved authorizing our committee to investigate post-office contracts, leases, subsidies, and other postal expenditures, with the idea in mind of balancing the postal budget. The members of our committee have worked diligently for the past year, and we are prepared to recommend to Congress and to the Department, amongst other things, a new air mail policy. This policy will immediately save the Government \$5,000,000, and within 5 years it will put the Air Mail Service on a paying basis. That is but one phase of the work in which we are engaged. We have taken up matters, pertaining to postage rates, and we are now prepared to recommend to the Post Office Department a return to 2-cent postage rates—we have the facts and figures to prove that such a change will be conducive to increased revenue. It will increase volume and reduce unit cost.

Mr. BLANTON. Will the gentleman yield?

Mr. MEAD. I shall be very glad to yield.

Mr. BLANTON. My friend from New York has done some most valuable work. The gentleman speaks of making recommendations to the Department. Why not pass a law directing what should be changed? If the Department for several years has been doing unwise things which need changing by Congress, instead of making recommendations to the Department why does not the gentleman's committee have Congress pass a law that will direct the Department to make the proper changes?

Mr. MEAD. We are also making our report to the Congress, and we have already introduced legislation to bring about just what the gentleman desires.

Mr. BLANTON. I want to see it directory, that the postage on first-class mail shall be reduced from 3 cents to 2 cents. And postage should be reduced back to 2 cents immediately.

Mr. MEAD. I am in hearty accord with the gentleman's wishes, but, of course, we are meeting in what might be termed "an emergency session of Congress", and we are giving consideration to emergency recommendations from the administration. Therefore we are taking up our recommendations with the Congress and with the Department. We have made a very thorough investigation, and this resolution merely permits the present Post Office Committee, as it is now constituted, to continue the work which the former Post Office Committee carried on so well.

Mr. WARREN. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Certainly; I yield.

Mr. WARREN. The gentleman from Illinois will recall that the House, by a roll-call vote at the last session, authorized an expenditure of \$5,000 for this investigation. As I understand, it is now proposed to use the unexpended portion of this appropriation and that no other fund will be sought.

Mr. MEAD. The gentleman is correct. We are not asking for any additional appropriation, but merely for the authority to carry on our work and make our complete report to the Congress.

Mr. McFARLANE. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McFARLANE. Can the gentleman enlighten us as to when the committee will be able to make this report and whether or not we will be able to reduce postage from 3 cents to 2 cents at this session?

Mr. MEAD. I may say to the gentleman that we have already made our report on the Air Mail Service. We are prepared to make our final report on the matter of reducing first-class postage from 3 cents to 2 cents, as the gentleman

indicated, and I believe action will be taken in that connection in the very near future.

Mr. McFARLANE. Another question, in regard to the subsidy of newspapers, ranging from \$35,000,000 to \$40,000,000 a year, Has the gentleman's committee taken this matter into consideration?

Mr. MEAD. I may say to the gentleman that the cost-ascertainment commission's figures show the amount to be nearer \$75,000,000 a year.

Mr. McFARLANE. I am talking about the daily newspapers.

Mr. MEAD. I am talking about second-class mail matter, which includes both newspapers and magazines. We took that into consideration in the last session of Congress. We passed a bill which increased the rates on second-class mail matter, and the committee may recommend further increases before we complete our work.

Mr. HASTINGS. Mr. Speaker, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. HASTINGS. How long does this resolution continue the life of this committee?

Mr. MEAD. It continues the committee throughout this Congress.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. SNELL. About what time does the gentleman expect he will be able to make his complete report to the House?

Mr. MEAD. I may say to the gentleman from New York that we have practically completed our hearings. We have a voluminous record of hearings that require study.

Mr. SNELL. The hearings are practically completed?

Mr. MEAD. The hearings are practically completed, and as soon as we have time to digest them we will make our report to the House.

[Here the gavel fell.]

Mr. SABATH. Does the gentleman from Pennsylvania desire any time?

Mr. RANSLEY. On this side of the aisle we have but one speaker, the gentleman from Pennsylvania [Mr. KELLY]. We should like to yield him 10 minutes. He is the only gentleman to whom we will yield time on this question.

Mr. SABATH. How much time does he wish?

Mr. RANSLEY. Ten minutes.

Mr. SABATH. We have come to a tentative agreement that he would try to get through in 5 minutes.

Mr. Speaker, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Speaker, I could use the entire time allotted in describing the constructive service that has been rendered in this investigation by the distinguished gentleman from New York [Mr. MEAD], chairman of this committee. [Applause.]

As chairman, he has carefully watched the expenditures of this committee. He has been meticulous about every expense and has also seen to it that the committee kept to the problems involved. The report, when finally completed, will be a constructive one and will show how millions of dollars can be saved in the conduct of the Postal Service.

May I remind the House that the Post Office establishment is the biggest business under the control of this body, involving about \$800,000,000 a year. The questions covered by the investigation are many. Most important are 3 or 4 phases involving millions of dollars. One is the leasing system now in force in the Post Office Department. Under general law nothing can be done as to ownership of buildings for branches, stations, and garages in the large cities. There is no provision by which these facilities can be purchased or constructed, yet they are absolutely essential to the conduct of the Post Office Establishment.

As a result of this forced leasing system millions of dollars have been spent in what might be termed an entirely unjustifiable expense. We went into the St. Paul lease where a long-term lease was entered into at the rate of \$120,000 a year. It was carried on by several administrations. The entire appraised value of this building and site was \$500,000. We have been paying as rent each year about



25 percent of the valuation of the property. Bonds totaling a million and a half dollars were sold to innocent investors who were told that the Government was back of the bond.

We investigated the Quincy Annex Station in Chicago. It was leased at \$123,000 a year. The appraised valuation of this property is about \$500,000. Under the law we could neither buy this building nor construct another one.

This committee went into these matters and has come to the conclusion that it would be an efficient and constructive measure to permit the Department to purchase or construct these buildings. We are now paying out every year about \$7,500,000 for rentals for these structures, and we have nothing to show for the expenditure at the end of the long-term leases. We could capitalize at 4 percent an amount sufficient to build all of them and in 12 years pay off the bond issue and have the buildings in the possession of the Government of the United States. This would mean thereafter a savings of millions annually.

Another item of great importance is the Air Mail Service. This service has developed a great industry. It has trained pilots who can be used in national defense. It has rendered a great service to the public, but for several years it has been overdeveloped. As a result, in the last Congress the Senate completely eliminated the entire appropriation, which would have destroyed a great service. The gentleman from New York and myself appeared before the conferees by invitation and explained how it is possible to wipe out every cent of the subsidy of the air mail in 5 years' time and still retain a comprehensive service such as we have now, on a self-supporting basis.

Legislation is before this body, recommended in the report from the investigating committee covered by this resolution, which in itself will save millions of dollars and put the air mail on a basis where not a dollar will be paid to operators except from the revenues of the air mail postage itself.

There is another question that is intensely interesting, and that is the point raised by the gentleman as to postage rates.

The Post Office Committee has never had a chance to deal with this 3-cent rate for letters. We refused to recommend it, but it was passed as a tax measure, a 50 percent tax, making the letter rate 3 cents instead of 2 cents.

I am convinced from my study of it that this was a grievous blunder that should be corrected at the earliest possible moment by this Congress. [Applause.]

Mr. BLANCHARD. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. BLANCHARD. Is the gentleman prepared to say at this time that the committee will come in with a recommendation for the restoration of the 2-cent rate?

Mr. KELLY of Pennsylvania. I feel certain the committee will be unanimously in favor of its restoration. We will lose in the present fiscal year, according to the calculation that can be made on volume, 5,000,000,000 letters out of the mail, largely as a result of the 3-cent rate. There is a reduction in revenue on first-class mail from \$310,000,000 in 1932 down to a point where we can figure a loss of \$52,000,000 as a result of this 3-cent rate. By restoring the 2-cent rate we can increase the volume and cut the unit cost until we will be in a position to help restore the lost revenue.

[Here the gavel fell.]

Mr. SABATH. Mr. Speaker, I yield the gentleman 5 additional minutes. This is an important matter and the House is entitled to know what the committee has done.

Mr. McFARLANE. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes.

Mr. McFARLANE. Speaking in the capacity of a Democrat, may I ask the gentleman in regard to these leases of postal property whether he thinks we should cancel a lot of these expensive contracts and relet them under the Democratic administration?

Mr. KELLY of Pennsylvania. These expensive leases have been awarded in all administrations. We are recommend-

ing that all leases possible be put on a short-term basis until these recommendations can be carried out.

Mr. OLIVER of Alabama. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. OLIVER of Alabama. What cost does the gentleman estimate is involved in the building program which the gentleman states the committee will favor?

Mr. KELLY of Pennsylvania. The amount of the entire rental item is about \$17,500,000 a year. This applies to all post-office buildings. In the item of branches, stations, and garages, which is the outstanding evil of the present time, \$7,500,000 is involved every year.

Mr. OLIVER of Alabama. What would be the cost of constructing the buildings that the gentleman states the committee will recommend?

Mr. KELLY of Pennsylvania. I believe that \$80,000,000 would erect every one of these stations that now pays more than \$3,000 a year, and they would be amortized in 12 years through the savings made.

Mr. OLIVER of Alabama. And what would be the cost of maintaining these buildings?

Mr. KELLY of Pennsylvania. The cost of maintenance is now carried just the same, and there would be no additional cost on that account.

Let me name a fourth problem which we have been dealing with—one of great importance. Besides the postage-rate reduction, the matter of air mail without subsidy, and these leases, which are wasting money every year, there is the matter of the subsidy for the merchant marine.

We have been going into this matter quite carefully and have found it a very difficult and complex problem. We believe that the amount of \$21,000,000 a year for what is known as the ship subsidy can be reduced by at least one third, and that the \$14,000,000, which was stated at the time of the passage of the act as being the utmost limit of these payments, ought to be put into force. We can deal with it on a fair basis, and by reducing the subsidy year by year, until the \$14,000,000 is made the extreme cost, we can accomplish something in justifiable saving.

These various measures will save the Post Office Department millions of dollars.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. WEIDEMAN. I presume on this merchant marine subsidy the gentleman found some of these National Economy Leaguers, who were most anxious to penalize the veterans, are themselves recipients of hundreds of thousands and millions of dollars.

Mr. KELLY of Pennsylvania. Yes; we found that out in the course of our investigation.

Mr. WEIDEMAN. Has the committee taken care of that situation?

Mr. KELLY of Pennsylvania. Not directly, but all these things are under consideration by the committee.

Mr. Speaker, the Post Office Department has a reported deficit for the last year, 1932, of \$152,000,000. We believe that the recommendations that we have made and will make from the committee, when enacted, will cut the deficit down substantially. Final elimination of the deficit can only be accomplished by increasing the volume of mail. It will never be done by increasing postage rates on the various classes that furnish so much of the mail.

The air mail rate has been increased from 5 cents to 8 cents and it has cut the volume 30 percent. The first-class rate has been increased to 3 cents, and it has cut the volume almost 40 percent. Every time we cut the volume by increasing the rate we add to the postal deficit.

If we had had the same revenue increase since 1929 that we had between 1921 and 1929, there would be a surplus of \$19,000,000 instead of this deficit.

I hope the Members of the House will enable the committee to make its final report. The recommendation on air mail changes already made means \$5,000,000 a year saving, and these other recommendations will add still more



millions to the savings of the Government in the conduct of the biggest business under its control.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. KELLY of Pennsylvania. I yield.

Mr. JOHNSON of Texas. How much did we lose when we increased the rate on post cards from 1 cent to 2 cents? When we thought we were going to increase the postal revenues, how much did we decrease them by this action?

Mr. KELLY of Pennsylvania. The Post Office Department told us that if we would make the rate on post cards 2 cents instead of 1 cent we would add \$10,000,000 to the \$10,000,000 we were then receiving. We took their estimate, and the next year they showed a loss of \$6,000,000 out of the \$10,000,000 that we were getting on the 1-cent rate. Such action is futile. Low postage rates and high mail volume is the true pathway to a self-sustaining postal service.

#### DEVELOPMENT OF THE TENNESSEE VALLEY

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to proceed for half a minute in order to make an announcement.

The SPEAKER. Without objection, the gentleman will proceed.

Mr. McSWAIN. Mr. Speaker, the legislation concerning the development of the Tennessee Valley, including Muscle Shoals, has been introduced and hearings will be commenced at 2 o'clock today before the Committee on Military Affairs, and any Member of the House who desires an opportunity to appear either in support of or in opposition to the measure is invited to do so, because the hearings will be concluded at the end of the week.

#### INVESTIGATION OF POST-OFFICE LEASES

Mr. SABATH. Mr. Speaker, I move the previous question. The previous question was ordered.

The resolution was agreed to.

The SPEAKER. The Clerk will report House Resolution 59.

The Clerk read as follows:

#### House Resolution 59

*Resolved*, That for the purpose of obtaining information necessary as a basis for legislation, the Committee on the Post Office and Post Roads of the Seventy-third Congress is authorized, as a committee, by subcommittee or otherwise, to continue the investigation begun under authority of House Resolution 226 of the Seventy-second Congress, and for such purposes said committee shall have the same power and authority as that conferred upon the Committee on the Post Office and Post Roads by House Resolution 226 of the Seventy-second Congress. The unexpended balance of the appropriation of \$5,000 under House Resolution 273 of the Seventy-second Congress is hereby continued for such purposes.

Mr. SABATH. Mr. Speaker, I take it for granted that everyone who listened to the gentleman from New York [Mr. MEAD] and the gentleman from Pennsylvania [Mr. KELLY] are satisfied that a great deal has been accomplished, and believing that to be the case, I ask for the previous question.

The previous question was ordered.

The resolution was agreed to.

#### EMERGENCY FARM MORTGAGE ACT OF 1933

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution, House Resolution 103.

The Clerk read the resolution, as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, a bill to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes, and all points of order against said bill are hereby waived. That after general debate which shall be confined to the bill and shall continue not to exceed 8 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be considered as having been read for amendment. No amendments shall be in order to said bill except amendments offered by direction of the Committee on Agriculture and said amendments shall be in order any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Agriculture may be offered to any section of the bill at the con-

clusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. BANKHEAD. Pending the consideration of the rule, Mr. Speaker, I should like to ask the gentleman from Pennsylvania how much time is desired on that side.

Mr. RANSLEY. On this side we would like to have the full 30 minutes.

Mr. BANKHEAD. I am very glad to yield to the gentleman 30 minutes.

Mr. RANSLEY. I yield 5 minutes to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker and Members of the House, the Rules Committee, in presenting this resolution, has no other desire except to facilitate the immediate passage of this act from the Agricultural Committee dealing with farm credits and loans, believing that an emergency exists and that it should be passed with as little delay as possible.

Some might interpret the resolution as being a tight rule, sometimes called a gag rule. But we must recognize that in this day of emergency great party responsibility rests with the Democratic Party. The President has proposed this emergency measure in order to get action, and to get it quickly. We feel that the House should pass this Federal Farm Loan Act in order that it can be gotten into operation at the soonest possible moment.

A desperate situation exists in the country in reference to farm mortgages and indebtedness. Mortgages are being foreclosed and homes taken away, and we recognize that this measure is one that will give the greatest amount of relief to the farmers who are in debt on their homes and are threatened with foreclosure proceedings. The proposal also provides means of redemption of farm mortgages already foreclosed.

We may differ somewhat as to the details of the provisions of a bill like this. Some may think that the interest should be 2 percent, some 3 percent, and some 4 percent. There may be a difference in the mechanics as to how the bill should operate, but it strikes me that the time should come when we should compromise the differences and pass a measure that will grant to the Commissioner under the governor of the Federal farm credits that has lately been set up by Executive order power, authority, and latitude to bring all of these loan agencies under one control, to work out a uniform system that will give the farmer the advantage of refinancing his mortgage, and doing it quickly, allowing the Commissioner the opportunity to sell the securities to raise these funds at the lowest possible rate of interest, fixing the maximum rate, but leaving a leeway to issue them at a lower rate, if possible.

I appreciate that there is a great variance of views in regard to a measure like this. Some may have the slant of the borrower, and believe that the provisions of the bill should look to the lowest rate of interest, and everything possible to allow the farmer to obtain the best possible terms. We all want that, but, on the other hand, the money that shall be used to refinance these loans must come from somewhere. It must come from the people of our country, the money of investors, and we have to take them into consideration. We want a well-balanced bill, that will operate on a practical basis, not only for the borrower but for the man who invests in these securities.

We appreciate that there has been a great depreciation on the value of farm securities, and stabilization must be worked out under the mechanics of this bill. We should take a broad-gage view of this as a practical provision that will look to the rehabilitation of the farmer. We know we have reached a crisis, we have reached a situation that is so desperate that an emergency exists, and we must act and act quickly in order to save the agriculture interests of the country in order to save the farmers of America. Every



nation builds its civilization upon those who live upon the farms. If the farm is to be destroyed, if the farmer's home is to be taken away from him, and he is to be turned into the ranks of the unemployed, to swell the number that exists already in the cities, then we have reached the situation in our civilization where decadence is on the way and where we must acknowledge that the future of America, indeed, is in peril.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. SNELL. I take it from the gentleman's statement that he is supporting the rule just the way it is brought in here?

Mr. GREENWOOD. Yes.

Mr. SNELL. And that is under Democratic responsibility?

Mr. GREENWOOD. That is right.

Mr. SNELL. Is it going to be the policy of the Democratic majority to always take every single measure that comes from the other end of the Avenue as it is, without any consideration whatever by the House of Representatives?

Mr. GREENWOOD. Oh, the gentleman is asking me a question as to future measures which I cannot answer. We will take them and handle them in the best way that we deem advisable when they come, but this measure is a House measure, and we are endeavoring to pass it without regard to the other end of the Avenue.

Mr. SNELL. The gentleman is not allowing any amendments to be offered to the bill. Is not that correct?

Mr. GREENWOOD. That is correct.

Mr. SNELL. That has never been the procedure in this House in the consideration heretofore of any farm measure, has it?

Mr. GREENWOOD. Oh, I do not know about farm measures.

Mr. SNELL. I am asking about farm measures.

Mr. GREENWOOD. Oh, I remember a great many more measures which the gentleman's party thought were emergency measures, for which was provided a rule—many measures, and what is the difference whether it be a farm measure or some other measure if an emergency exists?

Mr. SNELL. But this is fixing the policy of this Government for possibly 50 years to come.

The SPEAKER. The time of the gentleman from Indiana has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, it is not my purpose to oppose the consideration of this legislation at this time. I fully realize the mortgage situation is a great national problem which confronts not only the farmers, but the owners of city property as well. It is a problem that ought to be before the American Congress at this time and I trust this bill will be followed by a similar measure to aid the distressed home owners. I rise simply to make my protest against its consideration under this gag rule which has been reported by the Committee on Rules. The gentleman from Indiana [Mr. GREENWOOD] says the rule was reported with the one purpose of expediting the passage of this legislation. If that be true, I would not want to get up on the floor of this House and admit that with a majority of 200 I was unable through party discipline to get action. If this is an emergency, the measure can be handled in the regular and orderly way and speedily passed.

What does the rule provide? I am explaining the situation which confronts us because some of the new Members of the House who have been here but a few weeks will never know, unless there is a change in the tactics of the Democratic leadership of the House, what it is to consider a bill in the proper way, and I am afraid that some of us older Members will forget how it is done. This rule provides, first, there shall be no amendment offered to the bill. It provides, further, every point of order shall be waived, and there is

but one opportunity to make a motion to recommit. True enough, the rule gives all the time possible to talk. We can talk, but there is not a single Member of this House who can register his individual opinion on this important legislation which establishes a permanent Government policy.

What has been the history of this bill as far as it has gone? It has been before the Committee on Agriculture a few days. Only a few people had an opportunity to go before the committee and give expression to their views. It was before the Rules Committee and only the chairman in charge of the legislation had an opportunity to make a statement. I ask the Membership of the House, and particularly I ask you on the majority side of the House, how long are you going to permit the Congress to just be a rubber stamp for a few men who do not even have a seat in Congress? Is there not someone in this House who has been living with this agricultural problem for all these years who has the knowledge, if he had an opportunity, to present an amendment which would make this bill a far better bill for the farmer? Personally, I think there is, so I ask you liberal Democrats, you progressive Democrats, you Democrats who want to preserve the integrity of the House, to vote down the previous question, so that we may proceed to consider this bill in an orderly way, under the 5-minute rule, subject to amendment. Let us, at least in this one instance, be able to go out and say we had a part in the framing of this legislation.

I want to call attention right here and now to the fact there have only been three bills on the floor of this House during this session that have been subject to amendment. There was the beer bill, the District of Columbia beer bill, and the reforestation bill, which had the opposition of the chairman of the committee itself. All the rest of the legislation was brought here under an airtight rule. The Democratic leadership has gone so far that for over a year we have not had a Calendar Wednesday call. Not one during the last session and not one during this session. In conclusion, I ask you progressive Democrats, you liberal Democrats, to join with us on this side of the aisle and vote down the previous question, and we will have this bill considered in the way in which it ought to be considered. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. O'CONNOR. Mr. Speaker, it is always amusing when you hear a good old stand-pat Republican appeal to what he calls the liberal and progressive Democrats on this side of the aisle. I want to tell him that that means all of us. [Applause.] We are all liberals and we are all progressives. [Applause.]

Mr. SNELL. Will the gentleman yield for a question?

Mr. O'CONNOR. A real serious one; yes.

Mr. SNELL. I want to appeal to what I consider the conservative Democrats. I want to appeal to the statements that were made by the Chairman of the Rules Committee at the beginning of the Seventy-second Congress. He not only is a conservative Democrat but an honored Democrat. I want to refer to the statements made by him, and then watch you vote on the previous question today.

Mr. O'CONNOR. In answer to the gentleman, if the gentleman uses the word "conservative" in the Republican sense, let me tell him there is no such person sitting on this side of the aisle. [Applause.]

Mr. SNELL. I will use it in any sense the gentleman wants to use it. I am not particular. I use it in the liberal sense or the conservative sense, but I am referring the gentleman to the statements made by the leaders of the Democratic Party at the beginning of the Seventy-second Congress, and you will eat those words if you vote against the previous question here today, and the gentleman knows it.

Mr. O'CONNOR. Well, we have had some experience with the tenders on the minority side in the last session of this



Congress and in this Congress as to "cooperation"; and we heard some statements on the floor the other day that we must give due "consideration" to the measures hereafter brought in. Well, that is the old adage about "the Greeks bearing gifts." I have already seen in this present session where the minority side, under a pretense of "cooperation", was trying to scuttle the ship. I refer you only to the reforestation bill considered recently, when Members, with no sympathy with the measure, were offering amendments to make it all the more difficult for the people of the country to accept it.

I will never forget the time when we brought in the domestic-allotment plan wide open to amendments; how the minority sat with great glee and added minor commodities and voted in every possible way to make that measure ineffective, and then sat back and chuckled and said, "See how we are 'cooperating' with you."

Mr. SNELL. Will the gentleman yield for a further question?

Mr. O'CONNOR. I yield.

Mr. SNELL. Does the gentleman mean to tell the country that he has not enough confidence in the 200 Democratic majority to put through in open debate, subject to amendment, in this House, an administration measure?

Mr. O'CONNOR. Oh, we have heard no demand before the Rules Committee—

Mr. SNELL. You did not give any opportunity.

Mr. O'CONNOR. Now, let me answer the gentleman without any heat. I know the Republicans feel in great heat these days. They have gone through such—I was going to say destruction, but at least "embarrassment" during the last few years.

Mr. SNELL. There is no embarrassment here at present.

Mr. O'CONNOR. But let us keep cool about it. There has been no demand, as far as I know, from the Democratic side for amendment, but the demand for committee amendments came from a Democrat, and that was put in the rule. We feel that our Democratic committee, supported by all except two Republicans, I understand, who have lived with this measure, know best what amendments are proper.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. O'CONNOR. I yield.

Mr. FITZPATRICK. Is not this the same kind of rule that was brought in by the other side on the Smoot-Hawley tariff bill?

Mr. SNELL. Oh, no; it is not the same kind of rule or the same kind of bill, and the gentleman knows it.

Mr. FITZPATRICK. The only amendment that could be offered was an amendment offered by the committee during the consideration of the Smoot-Hawley tariff bill.

Mr. SNELL. We provided for 4 days reading that bill.

Mr. FITZPATRICK. But I am talking about the rule on amendments.

Mr. SNELL. This bill is not even going to be read for amendment. I am willing to discuss the rule on the Hawley-Smoot bill.

Mr. O'CONNOR. The gentleman from New York [Mr. FITZPATRICK] is only partly confused. What he may refer to is the vote on the conference report where we could not separate the items.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from New York 3 additional minutes.

Mr. O'CONNOR. They could not separate the items. They worked in the lumber fellows, the oil fellows, and the coal fellows. They had to vote for all of the items without any possibility of separation.

Mr. SNELL. Mr. Speaker, will the gentleman yield further?

Mr. O'CONNOR. Yes.

Mr. SNELL. Separate votes were had upon them. They were considered on the floor of the House and voted into the bill.

Mr. O'CONNOR. En bloc.

Mr. SNELL. Let me ask the gentleman another question—he has not answered my first one yet—does the gen-

tleman mean to tell the country he is afraid to trust his 200 majority in the consideration of the bill?

Mr. O'CONNOR. Oh, not at all.

Mr. SNELL. Then why not open it for amendment?

Mr. O'CONNOR. We were afraid of attempted sabotage against this bill for political purposes by the Republican Party.

Mr. SNELL. I am glad the gentleman gives us credit for having so much influence in the House. One to three; this shows we are a good deal more important than the gentleman's party.

Mr. O'CONNOR. It is not authoritative, it is just confusing. It would have no real substantial effect; it would just delay this measure, and we want to get it through this week.

Mr. SNELL. Will the gentleman give us 4 hours to read and amend the bill instead of 8 hours to talk on the bill?

Mr. O'CONNOR. Let me conclude—

Mr. SNELL. Answer my question.

Mr. O'CONNOR. Let me conclude by saying that we Members from the great industrial centers of the country again are willing to support farm relief. We realize the plight of the farmers. We realize they are overburdened with mortgages. But we ask you gentlemen not to forget, when the other item of the administration program is presented, to take care of the home owners in our cities and urban communities—to give them aid.

I suppose there is no more distressing event in a person's life, except it be death, than to have his home foreclosed and he and his family be evicted on the streets.

We want to help the farmers. We ask you simply, when the occasion arises, that you help our people in the cities and the suburban developments to save their homes so they may live in the comfort to which they have been accustomed and keep up our standard of living in this Nation. [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, I want to say at the outset that I am in favor of the objects sought to be accomplished by this legislation.

I believe one of the crying needs of the times is a refinancing and a cutting down of the mortgage indebtedness of the country. This bill goes part way and proposes to refinance and to cut down the mortgage indebtedness of the farmer. I think it should be more liberal and more comprehensive. It should include the mortgage indebtedness of the home owner in the cities and villages as well as on the farms.

I have not had time to study carefully the bill, and I am sure no one in the House has, because the printed copy of it was available only today, and the report of the committee on it was available only a few minutes ago; but unless the debate discloses that there is something in the legislation that is grossly objectionable, I expect to vote for it at the end of the consideration of it. But it goes without saying I am opposed to this rule. I am opposed to this closed or gag rule. As I said once before during this session, this Congress has passed more gag rules during the short time it has been in session than have been passed by the House of Representatives before in a generation. This Congress was elected as a liberal Congress, yet in the passage of rules making legislation in order it has been most unliberal and most reactionary.

We have gone a long way in this respect in the last number of years. When I first came here, I remember the consideration of the Underwood tariff bill under the leadership of that great statesman, the leader of the Democratic majority in the House at that time, the gentleman from Alabama, Mr. Underwood. The Democrats in that Congress, although their majority was not as great as it is now, did not attempt to consider even a tariff bill under a closed rule. They did hold a caucus and bound the members of their caucus to vote against any amendments that were not proposed by the Committee on Ways and Means; but I submit to the Democratic Members of this Congress that your



leadership does not give you an opportunity to consider this and other legislation in caucus even. It brings in legislation under a gag rule which does not permit it to be read under the 5-minute rule. The rule is considered only by the members of the Committee on Rules, and the House is obliged to vote it up or down as submitted by that committee.

This legislation, although the gentleman from Indiana very properly says there may be a great variance of opinion about it, and although it attempts to lay down a policy that is new and very far-reaching, is going to be considered here and voted upon without any opportunity to offer or to vote upon any amendment except such as may be proposed by the Committee on Agriculture.

Why should not the House of Representatives during this session legislate deliberately after debate and consideration the same as in any other session? Let me say with all sincerity and with all earnestness that I think the consensus of opinion of the Membership of the House of Representatives after debate and after due consideration will work out a better bill than any committee or any one individual can propose without such help. If we vote down the previous question on the rule, then there will be an opportunity to amend it so as to require the bill to be read under the 5-minute rule and open to amendment. In that way the bill may be perfected and those who want some changes in it will at least have an opportunity to offer amendments and to express their views about them. If that is not done, then it is just a waste of time to take 8 hours' general debate on the bill. If that is not done, the debate might as well be limited to 15 minutes and the legislation voted up or down at the end of that time. The rule should either be changed or the time for general debate might just as well be materially cut down.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. DOBBINS].

Mr. DOBBINS. Mr. Speaker, as a friend of the farmer and coming from a farming district and knowing the farming needs, I want to deplore the partisan character of this discussion. When it comes to a question of relief for the farmers this middle aisle here does not mean a thing. There is just as big a proportion of friends of the farmer on one side of this aisle as the other.

I want to commend the strategy of the friends of this rule on my side of the House who pretend that this is a partisan question and in the same breadth I must withhold compliment to the gentlemen on this side who fall into the same error.

This is not a partisan question, and I may say to the men here in this House who want the oppressed owner of mortgaged land to have relief that you should realize that you are deciding that question when you vote on this rule. I do not suppose many of you have read the bill completely. I have read it and I have read the Senate bill, and I may say to my friend from New York that it differs from the Senate bill and is more liberal than the Senate bill, but it is not by any means liberal enough.

I am not against the bill that comes from the committee. I am going to vote for it if it is the best we can get. I am going to vote for it because I believe that half a loaf is better than none, or to use a more accurate simile, because even a crumb is better than half a loaf.

The man on the farm who has his land mortgaged and needs relief is the man whose land is mortgaged almost, if not wholly, to its full value. Do you know that this bill that comes here will not extend any relief whatever to him? The only man owning a farm who can derive any benefit from this bill is a man who is able to offer \$2 of security for every dollar he borrows, and add to that \$5 of security in the way of improvements on his farm for every additional dollar that he borrows.

Is this farm relief? Is this relief for the mortgagors? I defy anyone who favors this rule to explain how this can help the oppressed owner of mortgaged land.

Do you call this measure Government relief for the farmer? The Government does not risk one thing under

this bill. The man who takes the risk or the organization that takes the risk under this bill is the Federal land bank; and if the Federal land bank makes an unwise mortgage, they, and not the Government, will lose. The Government does not guarantee them against one cent of loss. As a consequence the wise men who run these banks are not going to make risky mortgages, and the farmer who needs relief is not going to get it.

This bill reminds me of the egg that was served to the young pastor calling upon one of his parishioners. The egg had been neglected too long between the time it was laid and the time when it was brought to the table. He did not seem to enjoy it, and his hostess said, "What is the matter, pastor, do you not like your egg?" He thought for a moment of some courteous reply and said, "Oh, yes, madam; parts of it are very good." [Laughter.] This is the condition of the bill that we are to debate here for 8 hours. There is not any use of debating this bill if we cannot liberalize it for the man who needs this money and needs it now. No emergency calls for a rule that shuts off amendments that will make it fit for the farmer, because if it is an emergency it is an emergency that is 12 years old, and we should not be discovering it right now.

I may say to you that as a measure of relief for the farmer this bill is a gold brick, and I come from a part of the country where we at last know a gold brick when we see one. I know the Members of this House well enough to know that there is not one of you who would consciously offer to the oppressed farmer of this Nation a gold brick; and I tell you again that when you vote upon this rule, then, and not at the end of 8 hours of futile debate are you deciding whether or not you are going to give to the farmers of this country any real mortgage relief.

Mr. KELLER. How should we vote?

Mr. DOBBINS. Vote against the motion for the previous question, and vote against this rule in the interest of the farmer. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I listened with a great deal of interest to the gentleman from Illinois, who has just taken his seat. I believe he voiced the views of a large number of the Membership of this House. We on the Committee on Rules who opposed this rule are not opposed to the consideration of this measure. We are for the consideration of the measure, and the most of us are for the measure.

But there is no emergency as was the bank situation on the day of inauguration. It seems to be the practice of the leadership of the majority in this Congress to entirely wipe out the normal functions of the House of Representatives and allow us merely to vote yes or no on the completed measure without an opportunity to consider, deliberate, and make suggestions with respect to changes.

This bill is 23 pages in length. It is a matter of great importance. It is not a perfect bill. If they considered it a perfect bill, they would not have amended the resolution, which was absolutely closed when it was introduced. But they had this language added:

No amendment shall be in order to said bill.

And here is the new language:

except amendments offered by direction of the Committee on Agriculture, and said amendments shall be in order, any rule of the House to the contrary notwithstanding.

If this were a perfect measure, why throw it open to amendment by the committee that has just reported it? It is a hastily drawn measure, brought here for consideration on the floor, and amendments by whom? Only by those who have predetermined what the majority of the House must do.

There are persons in the city today, representatives of agricultural interests from various States in the great agricultural sections of our country, and these people are not satisfied with all of the provisions of this measure and have suggestions to make. When their suggestions are not given



consideration, when they are not permitted to be made, what is a Member representing the district from which these people come going to say? "I am a Member of the House of Representatives. I have been elected by you to take care of your interests. Here is a bill vitally affecting you, and you want certain modifications of the bill. I am so weak and pusillanimous that I will not permit myself to act on your suggestions in the House."

Mr. SHANNON. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SHANNON. I call the gentleman's attention to the fact that we are not permitted to amend the amendment offered by the Agricultural Committee.

Mr. LEHLBACH. That is true. I tried to make my remarks as brief as possible, and therefore did not mention that. Why, gentlemen, it has come to this point in this body for us to ask, Who is running the House of Representatives—3 or 4 leaders or the collective Membership who are supposed to be free to exercise their judgment and represent the wishes of their constituents? Vote down the previous question, and if there are any differences iron them out on the floor.

Mr. SNELL. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. SNELL. As a matter of fact, instead of this being an emergency, is not this fixing a Government policy in regard to these matters for a period of 30 or 40 years?

Mr. LEHLBACH. Permanently. It is not any unforeseen emergency.

Mr. McGUGIN. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

The SPEAKER pro tempore. The time of the gentleman from New Jersey has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes more to the gentleman from New Jersey.

Mr. McGUGIN. Is it not true that the man or woman who sits here on this floor today and votes for this rule is guilty of gross deceit and hypocrisy when he goes out home and says that he was not satisfied with the bill and wanted a better one, when in fact he voted to make it impossible to better this rule?

Mr. LEHLBACH. That is true; but as a previous speaker said, this bill carries no relief to the man who is in a hole today, because he cannot pay his mortgage.

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. BYRNS. The gentleman has been a Member of the House for a great many years. I think he was a Member during the entire time that the Republican Party was in control of the House of Representatives. I ask the gentleman whether he ever voted for a rule during all that time, proposed by his own party, which cut off the right of amendment?

Mr. LEHLBACH. I presume I have, but circumstances alter cases.

Mr. BYRNS. And if he has not a number of times voted for just such a rule, which denied the right of amendment, including important bills like the tariff bill?

Mr. LEHLBACH. Oh, no; I do not recall ever having voted for a rule on a tariff bill that precluded amendment.

Mr. BYRNS. But the gentleman voted for a rule which provided a subterfuge and which gave to the committee the right to propose amendments, thereby denying such right to the individual Members of the House.

Mr. LEHLBACH. That is a construction which the gentleman places upon that rule and I do not agree with him. But the gentleman from Indiana [Mr. GREENWOOD], a member of the Committee on Rules, in his opening address said this, and if this is not the quintessence of irony, I do not know what it is. He said some want a little different rate of interest, and some want a little difference in the mechanics of the bill, and so, let us compromise. How are they compromising? How are they composing these differences? It is done by saying to those who wish to suggest something else, you are not even permitted to make a suggestion with regard to the changing of a single word, the dotting of an

"i" or the crossing of a "t" in this bill. Anyone who represents farmers who have other views which they want him to express on this floor is a coward if he does not vote down the previous question. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from Virginia [Mr. WOODRUM].

Mr. WOODRUM. Mr. Speaker, in 10 years' service in the House one's viewpoint changes materially. I have recalled during this special session with some degree of amusement the first speech that I ever made when I became a Member of the House. In fact, I became so much interested in it that I dug up the CONGRESSIONAL RECORD and read it, and I find that it was a very vehement, though I fear not impressive, protest against a so-called "gag rule" that our friends the Republicans were forcing down the throats of us Democrats. My good friend from New Jersey [Mr. LEHLBACH] has just summed up the whole situation with reference to one's viewpoint on this gag rule when he said in answer to a question by the gentleman from Tennessee [Mr. BYRNS], "Yes; I presume I have voted for such, but circumstances were different." Of course they are different. For 10 years we Democrats have been gagging, and now you gentlemen are gagging.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Not now. I shall in a moment. On November 8—and I say this with all kindness—the people of the country gagged. They gagged because the dose you gentlemen were giving them was a little too much to swallow, and they wanted a little different remedy for the ills of the country. I agree with everything my friends say about the desirability of orderly consideration of legislation and the free right of amendment; but, gentlemen, this bill is sent to this Congress in compliance with a solemn pledge made to the people of America by Franklin D. Roosevelt. Those of us who have been here for a few years know that probably there could be 435 different proposals or plans in this House now for the relief of the farmer. Each of us has his own ideas about it. For 11 years we have talked and tried to legislate for the farmer. We voted for the Farm Board, for Mr. Hoover, and it did not get us anywhere. Other efforts have been made and other plans suggested. Mr. Roosevelt said to the farmers of America, "If you trust me, I can lead you back in the ways of peace, happiness, and prosperity." This bill is Franklin D. Roosevelt's bill; it is a part of his plan to help the farmer; and the Democrats of the House, if I interpret their attitude aright, are perfectly willing and satisfied to trust the leadership of the President and the leadership of the distinguished Chairman of the Committee on Agriculture, Mr. MARVIN D. JONES, and his colleagues on that committee who have approved the bill.

Mr. LEHLBACH. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. LEHLBACH. The gentleman said that now the Republicans are being gagged. Does the gentleman not know that he is gagging a large proportion of his own membership?

Mr. WOODRUM. I do not think so.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WOODRUM. In a moment. I have no doubt that many of my colleagues on both sides of the aisle are perfectly sincere in their effort to help the farmer, and in that effort would do this, that, or the other to this bill, but where would we get? Here is an orderly plan, brought here after careful thought and consideration, and the administration that has been trusted by the people has a right to come before the country and stand or fall according to whether its own plan is able to bring the relief that it has promised to the people. I yield to the gentleman from New York.

Mr. SNELL. If the gentleman has such unlimited confidence in the Members of his own side, why has he not confidence enough to let them vote down any amendment in open House that might be offered to the bill?

Mr. WOODRUM. The Democrats feel—and when I say Democrats I mean the leadership, because our leadership is unanimous upon it—that this bill is having orderly consideration. Here is a well-thought-out plan for relief of the



farmer we have talked so much about and, I fear, done so little about. It is a plan that goes to the very heart of the trouble. It helps the farmer, who finds himself with no market for his crops, and his property covered in mortgages that he cannot pay, or on which he cannot pay the interest charges. It helps him refinance himself.

It is brought here; the President has asked for it; the Committee on Agriculture has considered it; they have put their stamp of approval upon it, and now we bring it here. I say it is orderly consideration when we say to you gentlemen that you may look at it and decide whether or not you will go along with us. Most of you gentlemen, although you are complaining about the method of procedure, are going to go right along and vote for this bill. Now, why do you not take the responsibility? If it is not a good bill, why do you not vote against it?

Mr. SNELL. I am not finding any fault with the bill, as far as I know, but I should like an opportunity to amend it; and I want to say another word to the gentleman, what is the use of spending 8 hours in futile talk if you do not intend to change one line of the entire bill?

The SPEAKER pro tempore. The time of the gentleman from Virginia [Mr. WOODRUM] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from Maine [Mr. BEEDY].

Mr. BEEDY. Mr. Speaker, I have been a Member of this House for 12 years, yet I confess that I have never spoken when I felt there was so much at stake in a pending rule affecting the very character of the House itself. I have just had an opportunity to skim the speech of the present Chairman of the Rules Committee made at the opening of the Seventy-second Congress. He had then completed a service of 31 years. The result of his long experience led him to express his concern that the House had been controlled too much by 2 or 3 men. He referred to that control as autocratic.

Some of us today are concerned in that we think this House is gradually losing the characteristics of a representative body. The responsibility rests with everyone of us to fight to retain our representative rights, and I speak not as a partisan; what I say at this moment I would divorce from partisanship. I am decidedly jealous of the respect in the public mind for this, the lower House of the legislative branch of the Government. It has slowly been losing the respect of the public, and deservedly so.

For one reason, we seem to forget that session after session thousands of people come from hither and yon in this country, and from these galleries look down upon a scene of gross disorder, a scene which would be a disgrace to the ordinary grade school. These visiting thousands go back home and report the disorder to others. Naturally they are at a loss to understand how we are able to give any deliberation to legislative problems. I do not wonder at it. That is one reason why we are losing public confidence.

The second reason is that we are yielding, little by little, every vestige of the power truly to consider legislation on this floor. The responsibility for leadership always rests heavily with the majority party. The party program must be completed, and frequently time is of the essence. This is particularly true when bills comprising more than 100 pages are being considered. Take the last tariff bill for example. It involved the holding of hearings running through weeks; it required nearly a week of consideration under general debate. Time was in such a case of great importance. The rule employed in considering the Smoot-Hawley bill, of necessity, limited the right to amend. Only members of the Ways and Means Committee were given the right to offer amendments on the floor, but the rights of Members were protected in this way: While general debate continued, the Ways and Means Committee was in session every forenoon for the sole purpose of permitting Members to propose amendments. In many cases the amendments proposed by Members were accepted by the committee and introduced by it on the floor of the House.

Thus the rights of Members to represent their constituents were preserved.

But never since I became a Member of this House have I known of a rule like that at present proposed, which prevents a Member from proposing even an amendment to a committee amendment on this floor. The proposed rule prevents it, as the gentleman from Missouri has said, and I call it a gagged gag rule. This is the rule which the leaders of the majority party propose to govern the consideration of its farm-relief measure, a measure of tremendous consequence, not merely for the next year or two, but for a generation.

This farm-relief problem has been concerning us for 12 years, to my knowledge. At the beginning of the Sixty-seventh Congress the first thing the Republican Party tried to do was to bring relief to the farmers through a revision of the tariff. From that day to this the best minds of the country have been seeking some means through legislation to help the farmers. I do not think the cost of agricultural production and distribution, the stabilization of agricultural markets, and the control of surplus world production, all of which must be adjusted and righted before farming will be profitable—I say I do not think these things can be accomplished by passing laws. True, the financial burden under which the farmer now labors, the carrying of a mortgage which in many instances exceeds the value of the farm itself, is undoubtedly a fundamental agricultural difficulty which law may remedy. I am, therefore, in sympathy with the aim of the measure which the proposed rule makes in order. However, I submit that the proposed rule, which gives the Members of this House no right to propose a single amendment, which provides for general debate of 8 hours, in which Members may express their views but renders them powerless even to propose that their views shall be written into law, I submit that such a rule should be voted down. It robs this House of its representative and deliberative character.

You tell us that we should not take the time to amend. That is not a tenable excuse. If this farm-relief program is important, as, indeed, it is, why did you not consider it last January? Why did you postpone it while the sale of beer was being legalized, while the repeal of the eighteenth amendment was being discussed, while time was taken to consider all the other ills of the country and agriculture waited? Now, I say it is not right to force gag rule upon us on the ground there is not time to consider proposals of Members designed to improve the proposed farm-mortgage legislation. I protest against the rule and shall not support it. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Maine has expired.

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Iowa [Mr. DOWELL].

Mr. DOWELL. Mr. Speaker, I expect to vote for this bill. I want to suggest to the membership of the House, however, that it is the first time in my experience in this House where a bill relating to agricultural problems has been forced through or attempted to be forced through without an opportunity of amendment. Many farm bills have been considered by this House, but they have always been open for amendment and improvement. There can be no harm in submitting this bill for such amendments as may be offered for its improvement. I apprehend some good amendments will be offered, and it seems to me this House ought to have the opportunity of considering and accepting a good amendment when it is offered. For one, I want to emphasize that we should vote down the previous question and amend the rule, and give an opportunity for any Member to present an amendment that he believes will help the farmers of this country. This bill affects every farmer in the United States, and they have the right to any good amendment that can be offered to this bill which will improve their condition.

I am hoping that this House will see fit to give the Members an opportunity to present amendments to this bill, that they may have consideration on the floor. I hope the motion for the previous question will be voted down, and that



the rule may be amended before it is adopted allowing consideration of these amendments.

Everything that can be offered which will improve the condition of the farmers of the country should be presented. They are in dire need of assistance, and we should give them all the help we are able to give them. And we should give this to them now.

The SPEAKER pro tempore. The time of the gentleman from Iowa [Mr. DOWELL] has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Speaker, I think I can stand on this floor and address myself to a subject without every word I utter being discounted by the cry of partisanship. I am reasonably liberal. I do not always go along with my party on every matter. I have been going along to an exceedingly great degree with the administration in this emergency program.

I shall not direct my remarks to the Republican membership, because I do not believe it is necessary. I shall confine my remarks primarily to the Democratic membership of this House, because it is you Democrats who are voting for these rules.

You are now voting upon a rule, the very terms of which provide that you as individuals cannot offer one word of improvement to this bill. You Democratic Members of this House, when the farm bill was before us, passed a rule which made it utterly impossible to amend or improve the farm bill.

If this rule passes today, you Democratic Members are by your votes voting for a rule that makes it utterly impossible to offer one amendment to this farm mortgage bill. Reduce this to its honest-to-God truth and here is what it is: When you, you Democratic Members of this House, voted for a rule which would not permit a single amendment to the farm relief bill, then and there you declared yourselves in solemn terms as standing upon that farm bill in all its respects. Every Democratic Member who voted for the rule which made it utterly impossible to amend the farm bill, makes himself a fraud and a deceiver if he goes out to his people and says that that farm bill does not suit him in its entirety. It must, of necessity, have suited you Democrats in its entirety or you would not have voted for a rule making it impossible to amend the farm bill.

Now, coming back to this bill today, every Democrat who votes for this rule votes that this bill shall not be amended in any respect; and when he does this he must stand before his country as unqualifiedly satisfied with this mortgage relief bill as it is, without any changes.

Let me say to you Democratic Members from farm sections that if you vote for this rule and then you start writing letters to your farmers telling them that this was the best you could get, you are not writing the truth back to your constituents. You could have gotten something better, except that you voted for a rule which made it impossible for you to get anything better. My remarks have here been addressed to you Democrats, because in a spirit of "party bootlicking" you are the ones who are voting for these rules which prevent any amendments to these farm bills. [Applause.]

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, we have heard a good deal said during the course of this debate in criticism of the action of the Democratic leadership on this bill and of the action of the Rules Committee with reference to the form of this rule, most of which criticism came from the Republican side of the House.

Because the matter may come up hereafter, I want now once and for all to lay this ghost they are seeking to have walk here before some of the new Members this morning with reference to the innocence of the Republican leadership when they were in power on this question of gag rule. I want to cite the RECORD, because a number of us were here when this bill for the consideration of what the gentleman from New York [Mr. SNELL] calls the "Hoot-Smalley" bill came up for consideration. I want to show you gentle-

men of this House that the very things we are offering in the consideration of this bill today is but a following of the distinguished precedents set by the Republican Committee on Rules for the consideration of that bill. The RECORD cannot be denied. The gentleman from New York, the gentleman from Massachusetts, the gentleman from New Jersey, and the gentleman from Maine will remember that rule. Here is what it provided. Remember that there was a bill called up by the Republican Committee on Ways and Means at a special session of Congress called by a Republican President to undertake some relief for the farmers of this country. That is what it was.

The purpose of that bill was to undertake to give relief to the farmers of this country. What did that bill provide? It was not a bill like the one now pending, a bill of 22 pages, but a great voluminous bill containing hundreds of pages and involving many hundreds of schedules upon which the minds of Members of this House would certainly differ, yet the distinguished gentleman from New York, now the minority leader, then the Chairman of the Committee on Rules, brought in a rule providing so many hours of general debate on that bill, providing the time when the final vote should be taken on the bill, and the following liberality of amendments that might be proposed.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No. Let me get this embalmed in the RECORD so there will be no dispute about it hereafter.

Here is what the rule provided. I will read that part of it:

That general debate on the bill do now close. That the bill shall be considered for amendment under the 5-minute rule.

Mark carefully what follows:

But committee amendments to any part of the bill shall be in order at any time.

Now, let me show you how they took advantage of that so-called "liberal rule" with hundreds of pages of this bill to be considered—and I see my friend SNELL smiling at the ingenuity he exercised when the bill came up. My friends, under that rule for amendment I want to show you here in the RECORD how much of the Smoot-Hawley bill was read for consideration. There it is, that one paragraph only, because they so manipulated the time and so manipulated the so-called committee amendments that the effect was absolutely to deny to the Members of the House any opportunity to amend the bill.

If I have not stated the RECORD correctly I yield now to be corrected.

Mr. MAPES. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. MAPES. The gentleman from Alabama is always fair. It may be admitted that as a practical matter both parties in the consideration of tariff bills have found it necessary to bring in rules somewhat limiting the opportunity to offer amendments to tariff measures.

Mr. BANKHEAD. Do not take too much of my time; ask a question if you want to.

Mr. MAPES. Does the gentleman know of any rule the Republican Party ever brought in limiting the opportunity of offering amendments to a big legislative bill such as this?

Mr. BANKHEAD. As I said a few days ago here in this House, I have been here a long time. All I ever learned about gag rules was from being a minority member of a committee under Republican control.

Mr. SNELL. The gentleman will agree that he had a good teacher.

Mr. BANKHEAD. And the gentleman from New York ought to be very much gratified that he has lived to see the time when even Democrats follow the illustrious precedents set by his committee when he was in charge of it.

Now, enough about this.

Mr. SNELL. Will the gentleman yield for just a short question?

Mr. BANKHEAD. Yes; I yield to the gentleman.

Mr. SNELL. I just want to ask what position the gentleman and the other Democratic leaders took on the very rule which the gentleman has been criticizing?



Mr. BANKHEAD. We did just as you are doing now. [Laughter and applause.] We got up here and made a hypocritical pretense of opposing the rule. That is what we did exactly.

Mr. BEEDY rose.

Mr. BANKHEAD. Oh, the serious-minded gentleman from Maine rises, and the gentleman says he has been here for 12 years and never in all his long experience, on a great proposition affecting agriculture and the farmers of this country, has he seen such high-handed procedure followed in this House.

Mr. Speaker, what the farmers of this country are complaining about, and the complaint they registered last November is that during the 12 long years when your party had control of the Government of this country it did absolutely nothing of a practical nature to relieve agriculture in this country, although it made some gesture to that effect [applause], and what the Democratic Party is undertaking to do through this bill and through this administration program is to meet a desperate and critical situation by seeking to give the home owners of this country—the farmers in this bill and the city dwellers in the bill soon to be sent up—an opportunity to reduce the interest rates upon their loans, an opportunity to make compositions with their creditors, and an opportunity to pay the necessary amount to save their homes from foreclosure and loss.

This is what is involved in the pending bill. All this talk about this rule is merely partisan and captious criticism upon the part of those on the other side.

We have brought a bill here that has been maturely considered by a great committee of this House that is interested in farming and the leadership here, the Speaker, the gentleman from Tennessee, and the chairman of this committee, and the Democratic members of the committee, ask you Democrats to go forward in our program and to pass this bill and get it enacted into law at the earliest possible moment. [Applause.]

Mr. Speaker, I move the previous question on the resolution.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 254, nays 130, answered "present" 1, not voting 45, as follows:

[Roll No. 11]

YEAS—254

Abernethy	Church	Fitzpatrick	Kocialkowski
Adair	Clark, N.C.	Flannagan	Kopplemann
Adams	Cochran, Mo.	Fletcher	Kramer
Allgood	Coffin	Ford	Lambeth
Arnold	Colden	Fuller	Lamneck
Auf der Heide	Cole	Gambrill	Lanham
Ayers, Mont.	Collins, Miss.	Gasque	Lanzetta
Ayres, Kans.	Colmer	Gavagan	Larrabee
Bankhead	Condon	Gillespie	Lea, Calif.
Beam	Cooper, Tenn.	Glover	Lee, Mo.
Belter	Corning	Goldsborough	Lehr
Berlin	Cox	Granfield	Lesinski
Biermann	Cravens	Gray	Lewis, Md.
Black	Crosby	Green	Lindsay
Bland	Cross	Greenwood	Lloyd
Blanton	Crowe	Gregory	Lozier
Bloom	Crump	Haines	Ludlow
Boehne	Cullen	Hamilton	McClintic
Boland	Cummings	Harlan	McCormack
Boylan	Darden	Harter	McDuffie
Briggs	Dear	Hastings	McFarlane
Brooks	Deen	Healey	McGrath
Brown, Mich.	Delaney	Henney	McKeown
Brunner	DeRouen	Hill, Ala.	McReynolds
Buchanan	Dickinson	Hill, Sam B.	Maloney, Conn.
Buck	Dies	Holdale	Maloney, La.
Bulwinkle	Dingell	Huddleston	Mansfield
Burch	Disney	Hughes	Marland
Burke, Calif.	Dockweiler	Imhoff	Martin, Oreg.
Burke, Nebr.	Doughton	Jacobsen	May
Busby	Douglass	Jeffers	Mead
Byrns	Doxey	Jenckes	Miller
Cady	Driver	Johnson, Okla.	Milligan
Caldwell	Duffey	Johnson, Tex.	Mitchell
Cannon, Mo.	Duncan, Mo.	Johnson, W.Va.	Monaghan
Carden	Durgan, Ind.	Jones	Montet
Carley	Eagle	Kee	Moran
Carpenter, Nebr.	Elcher	Kelly, Ill.	Morehead
Cary	Ellzey, Miss.	Kemp	Murdock
Castellow	Faddis	Kennedy, N.Y.	Musselwhite
Celler	Farley	Kenney	Nesbit
Chapman	Fiesinger	Kloeb	Norton
Chavez	Fitzgibbons	Kniffin	O'Brien

O'Connell	Rayburn	Shallenberger	Underwood
O'Connor	Reece	Sirovich	Utterback
Oliver, Ala.	Reilly	Smith, Va.	Vinson, Ga.
Oliver, N.Y.	Richards	Smith, W.Va.	Vinson, Ky.
Owen	Richardson	Snyder	Wallgren
Parker, Ga.	Robertson	Somers, N.Y.	Walter
Parks	Robinson	Spence	Warren
Parsons	Rogers, N.H.	Steagall	Weaver
Patman	Rogers, Okla.	Strong, Tex.	Weideman
Peavey	Romjue	Stubbs	Werner
Peterson	Rudd	Studley	West
Pettengill	Ruffin	Sutphin	White
Peyser	Sabath	Swank	Whittington
Polk	Sadowski	Tarver	Wilcox
Pou	Sanders	Taylor, Colo.	Williams
Prall	Sandlin	Thom	Wilson
Ragon	Schaefer	Thomason, Tex.	Wood, Ga.
Ramsay	Schuetz	Thompson, Ill.	Woodrum
Ramspeck	Schulte	Truax	Young
Randolph	Sears	Turner	
Rankin	Secrest	Umstead	

NAYS—130

Allen	Dowell	Kelly, Pa.	Shannon
Andrew, Mass.	Dunn	Kinzer	Shoemaker
Arens	Eaton	Knutson	Sinclair
Bacharach	Edmonds	Kurtz	Smith, Wash.
Bacon	Eltse, Calif.	Kvale	Snell
Bakewell	Englebright	Lambertson	Stalker
Beedy	Evans	Leibach	Stokes
Blanchard	Fish	Lemke	Strong, Pa.
Boileau	Focht	Luca	Swick
Britten	Foss	Lundeen	Taber
Brown, Ky.	Frear	McCarthy	Taylor, S.C.
Burnham	Gibson	McFadden	Taylor, Tenn.
Cannon, Wis.	Gifford	McGugin	Terrell
Carpenter, Kans.	Gilchrist	McLean	Thurston
Carter, Calif.	Gillette	McLeod	Tinkham
Carter, Wyo.	Goodwin	McMillan	Tobey
Cavichia	Goss	Mapes	Traeger
Chase	Griswold	Marshall	Treadway
Christianson	Hancock, N.Y.	Martin, Colo.	Turpin
Claiborne	Hartley	Martin, Mass.	Wadsworth
Clarke, N.Y.	Hess	Merritt	Watson
Collins, Calif.	Hildebrandt	Millard	Welch
Connolly	Hill, Knute	Mott	Whitley
Cooper, Ohio	Hoepfel	O'Malley	Wigglesworth
Crosser	Hollister	Parker, N.Y.	Withrow
Crowther	Holmes	Pierce	Wolfcott
Darrow	Hooper	Powers	Wolfenden
De Priest	Hope	Ransley	Wolverton
Dirksen	Howard	Reed, N.Y.	Wood, Mo.
Ditter	Jenkins	Rich	Woodruff
Dobbins	Johnson, Minn.	Rogers, Mass.	Zioncheck
Dondero	Kahn	Scrugham	
Doutrich	Keller	Seger	

ANSWERED "PRESENT"—1

Palmisano

NOT VOTING—45

Almon	Connery	James	Reid, Ill.
Andrews, N.Y.	Culkin	Kennedy, Md.	Simpson
Bailey	Dickstein	Kerr	Sisson
Beck	Drewry	Kleberg	Sullivan
Bolton	Fernandez	Lewis, Colo.	Summers, Tex.
Brand	Foulkes	McSwain	Sweeney
Brennan	Fulmer	Major	Waldron
Browning	Griffin	Meeks	Wearin
Brumm	Guyer	Montague	Willford
Buckbee	Hancock, N.C.	Moynihan	
Cartwright	Hart	Muldowney	
Cochran, Pa.	Higgins	Perkins	

So the previous question was ordered.

The Clerk announced the following pairs:

On the vote:

Mr. Brennan (for) with Mr. Bolton (against).  
 Mr. Meeks (for) with Mr. Culkin (against).  
 Mr. Fernandez (for) with Mr. Buckbee (against).  
 Mr. Almon (for) with Mr. Muldowney (against).  
 Mr. Drewry (for) with Mr. Simpson (against).  
 Mr. Kleberg (for) with Mr. Beck (against).  
 Mr. Sullivan (for) with Mr. Higgins (against).  
 Mr. Wearin (for) with Mr. Brumm (against).  
 Mr. Dickstein (for) with Mr. Perkins (against).  
 Mr. Sisson (for) with Mr. Reid of Illinois (against).

Until further notice:

Mr. Connery with Mr. Andrews of New York.  
 Mr. McSwain with Mr. Waldron.  
 Mr. Browning with Mr. James.  
 Mr. Summers of Texas with Mr. Guyer.  
 Mr. Hancock of North Carolina with Mr. Cochran of Pennsylvania.  
 Mr. Griffin with Mr. Moynihan.  
 Mr. Bailey with Mr. Sweeney.  
 Mr. Major with Mr. Hart.  
 Mr. Kerr with Mr. Cartwright.  
 Mr. Brand with Mr. Kennedy of Maryland.  
 Mr. Montague with Mr. Foulkes.

Mr. CONNERY. Mr. Speaker, I arrived too late to answer to my name. If I had been present, I would have voted "aye."



Mr. JAMES. I am in the same position as the gentleman from Massachusetts. If I had been present, I would have voted "no."

Mr. McCORMACK. Mr. Speaker, the gentleman from Texas [Mr. KLEBERG] is absent on account of illness. If present, he would have voted "aye."

Mr. JACOBSEN. Mr. Speaker, my colleague, Mr. WEARIN, is absent on account of illness. If present, he would have voted "aye."

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. DELANEY). The question now is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BLANTON) there were 178 ayes and 19 noes.

So the resolution was agreed to.

#### EMERGENCY FARM MORTGAGE ACT

Mr. JONES. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of H.R. 4795, to provide emergency relief with respect to agricultural indebtedness, to refinance farm mortgages at lower rates of interest, to amend and supplement the Federal Farm Loan Act, to provide for the orderly liquidation of joint-stock land banks, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. ARNOLD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, which the Clerk will report.

The Clerk read the title of the bill.

Mr. JONES. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

Mr. BLANTON. With the understanding that the bill be printed in the RECORD, I will not object.

Mr. JONES. I will include that in my request.

The CHAIRMAN. Without objection, it is so ordered.

The bill is as follows:

*Be it enacted, etc.—*

#### TITLE I. AMENDMENTS TO FEDERAL FARM LOAN ACT

##### ISSUANCE OF BONDS BY LAND BANKS

SECTION 1. Section 32 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 991), is amended by adding at the end thereof the following new paragraph:

"Until such time as the Farm Loan Commissioner determines that Federal farm-loan bonds (other than those issued under this paragraph) are readily salable in the open market at a yield not in excess of 4 percent per annum, but in no case more than 2 years after this paragraph takes effect, Federal land banks may issue farm-loan bonds as authorized under this act for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as provided in paragraph 'Second' of section 13 of this act. The aggregate amount of the bonds issued under this paragraph shall not exceed \$2,000,000,000, and such bonds shall be issued in such denominations as the Farm Loan Commissioner shall prescribe, shall bear interest at a rate not in excess of 4 percent per annum, and shall be fully and unconditionally guaranteed as to interest by the United States, and such guaranty shall be expressed on the face thereof. In the event that the issuing bank or banks shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated. Upon the payment of such interest by the Secretary of the Treasury, the amount so paid shall become an obligation to the United States of the issuing bank or banks and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. After the expiration of 1 year from the date this paragraph takes effect, if in the opinion of the Farm Loan Commissioner any part of the proceeds of the bonds authorized to be issued under this paragraph is not required for the purpose of making new loans or for purchasing mortgages or exchanging bonds for mortgages as herein provided, such bonds may be issued within the maximum limit herein specified for the purpose of refinancing any outstanding issues of Federal farm-loan bonds; but no such bonds shall be issued after 2 years from the date this paragraph takes effect for the purpose of such refinancing."

##### PURCHASE, REDUCTION, AND REFINANCING OF FARM MORTGAGES

SEC. 2. Section 13 of the Federal Farm Loan Act, as amended, is amended by adding after paragraph "Second" the following new paragraph:

"In order to reduce and/or refinance farm mortgages, to invest such funds as may be in its possession in the purchase of qualified first mortgages on farm lands situated within the Federal land-bank district within which it is organized or for which it is acting, or to exchange farm-loan bonds for any duly recorded first mortgages on farm lands executed prior to the date this paragraph takes effect, at a price which shall not exceed in each individual case the amount of the unpaid principal of the mortgage on the date of such purchase or exchange, or 50 percent of the value of the land mortgaged and 20 percent of the value of the permanent insured improvements thereon, as determined upon an appraisal made pursuant to this act, whichever is the smaller: *Provided*, That any mortgagor whose mortgage is acquired by a Federal land bank under this paragraph shall be entitled to have his farm-mortgage indebtedness refinanced in accordance with the provisions of sections 7 and 8 of this act on the basis of the amount paid by the bank for his mortgage."

##### EXTENSION OF LOANS

SEC. 3. Paragraph "tenth" of section 13 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 781), is amended by adding at the end thereof the following: "The terms of any such extension shall be such as will not defer the collection of any obligation due by any borrower which, after investigation by the bank of the situation of such borrower, is shown to be within his capacity to meet. In the case of any such extension made prior to the expiration of 5 years from the date this paragraph as amended takes effect, or in the case of any deferment of principal as provided in paragraph 'twelfth' of section 12 of this act, it shall be the duty of the Secretary of the Treasury, on behalf of the United States, upon the request of the Federal land bank making the extension, and with the approval of the Farm Loan Commissioner, to subscribe at such periods as the Commissioner shall determine, to the paid-in surplus of such bank an amount equal to the amount of all such extensions and deferments made by the bank during the preceding period. Such subscriptions shall be subject to call, in whole or in part, by the bank with the approval of the Commissioner upon 30 days' notice. To enable the Secretary of the Treasury to make such subscriptions to the paid-in surplus of the Federal land banks, there is hereby authorized to be appropriated the sum of \$50,000,000, to be immediately available and remain available until expended. Upon payment to any Federal land bank of the amount of any such subscription, such bank shall execute and deliver a receipt therefor to the Secretary of the Treasury in form to be prescribed by the Farm Loan Commissioner. The amount of any subscriptions to the paid-in surplus of any such bank may be repaid in whole or in part at any time in the discretion of the bank and with the approval of the Farm Loan Commissioner, and the Commissioner may at any time require such subscriptions to be repaid in whole or in part if in his opinion the bank has resources available therefor."

##### REDUCTION OF INTEREST ON LOANS AND DEFERMENT OF PRINCIPAL

SEC. 4. Section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, secs. 771-772), is amended by adding at the end thereof the following new paragraph:

"Twelfth. Notwithstanding the provisions of paragraph second, the rate of interest on any loans on mortgage made through national farm-loan associations, or through agents as provided in section 15, by any Federal land bank, outstanding on the date of this paragraph takes effect or made within 2 years after such date, shall not exceed 4½ percent per annum for all interest payable on installment dates occurring within a period of 5 years commencing 60 days after the date this paragraph takes effect; and no payment of the principal portion of any installment of any such loan shall be required during such 5-year period if the borrower shall not be in default with respect to any other condition or covenant of his mortgage. The foregoing provisions shall apply to loans made by Federal land banks through branches, except that the rate of interest on such loans for such 5-year period shall be 5 percent in lieu of 4½ percent. The Secretary of the Treasury shall pay each Federal land bank, as soon as practicable after October 1, 1933, and after the end of each quarter thereafter, such amount as the Farm Loan Commissioner certifies to the Secretary of the Treasury is equal to the amount by which interest payments on mortgages held by such bank have been reduced, during the preceding quarter, by reason of this paragraph; but in any case in which the Farm Loan Commissioner finds that the amount of interest payable by such bank during any quarter has been reduced by reason of the refinancing of bonds under section 32 of this act, the amount of the reduction so found shall be deducted from the amount payable to such bank under this paragraph. No payments shall be made to a bank with respect to any period after June 30, 1938. There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$15,000,000 for the purpose of enabling the Secretary of the Treasury to make payments to Federal land banks which accrue during the fiscal year ending June 30, 1934, and such additional amounts as may be necessary to make payments accruing during subsequent fiscal years."

##### INCREASE OF AMOUNT OF LOANS TO BORROWERS

SEC. 5. Paragraph "seventh" of section 12 of the Federal Farm Loan Act, as amended (U.S.C., title 12, sec. 771) (relating to the limitations as to amount of loans), is amended by striking out "\$25,000" and inserting "\$50,000, but loans to any one borrower shall not exceed \$25,000 unless approved by the Farm Loan Commissioner."



## DIRECT LOANS

SEC. 6. Section 7 of the Federal Farm Loan Act, as amended, is amended by striking out the last paragraph and inserting in lieu thereof the following new paragraphs:

"Whenever it shall appear to the Farm Loan Commissioner that national farm-loan associations have not been formed in any locality in the continental United States, or that the farmers residing in the territory covered by the charter of a national farm-loan association are unable to apply to the Federal land bank of the district for loans on account of the inability of the bank to accept applications from such association, the Farm Loan Commissioner may, in his discretion, authorize said bank to make direct loans to borrowers secured by first mortgages on farm lands situated within any such locality or territory. Except as herein otherwise specifically provided, all provisions of this act applicable with respect to loans made through national farm-loan associations shall, insofar as practicable, apply with respect to such direct loans, and the Farm Loan Commissioner is authorized to make such rules and regulations as he may deem necessary with respect to such direct loans.

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 per centum per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations.

"Each borrower who obtains a direct loan from a Federal land bank shall subscribe and pay for stock in such bank in the sum of \$5 for each \$100 or fraction thereof borrowed. Such stock shall be held by such Federal land bank as collateral security for the loan of the borrower and shall participate in all dividends. Upon full payment of the loan such stock shall, if still outstanding, be canceled at par, or, in the event that such stock shall have become impaired, at the estimated value thereof as approved by the Farm Loan Commissioner, and the proceeds thereof shall be paid to the borrower.

"Each such borrower may covenant in his mortgage that, whenever there are 10 or more borrowers who have obtained from a Federal land bank direct loans under the provisions of this section aggregating not less than \$20,000, and who reside in a locality which may, in the opinion of the Farm Loan Commissioner, be conveniently covered by the charter of and served by a national farm-loan association, he will unite with such other borrowers to form a national farm-loan association. Such borrowers shall organize the association subject to the requirements and the conditions specified in this section, so far as the same may be applicable, and in accordance with rules and regulations of the Farm Loan Commissioner. As soon as the organization of the association has been approved by the Farm Loan Commissioner the stock in the Federal land bank held by each of the members of such association shall be canceled at par, and in lieu thereof the bank shall issue in the name of the association an equal amount of stock in said bank, which stock shall be held by said bank as collateral security as provided in this section with respect to other loans through national farm-loan associations. Thereupon there shall be issued to each such member an amount of capital stock in the association equal to the amount which he previously held in said bank, which stock shall be held by said association as collateral security as provided in section 8 of this act. The board of directors of said association shall adopt a resolution authorizing and directing its secretary-treasurer on behalf of said association to endorse, and thereby become liable for the payment of, the mortgages taken from its charter members by the Federal land bank. When it shall appear to the satisfaction of the Farm Loan Commissioner that all the foregoing conditions have been complied with, and upon the granting of the charter by the Farm Loan Commissioner, the interest rate paid by each charter member of such association whose loan is in good standing shall, beginning with his next regular installment date, be reduced to the rate of interest paid by borrowers on new loans made through national farm-loan associations in the same Federal land bank district at the time the said loan was made to such charter member.

"Charges to be paid by applicants for direct loans from a Federal land bank shall not exceed amounts to be fixed by the Farm Loan Commissioner and shall in no case exceed the charges which may be made to applicants for loans and borrowers through national farm-loan associations under the provisions of sections 11 and 13 of this act."

## LOANS TO RECEIVERS

SEC. 7. Any receiver appointed by the Federal Farm Loan Board pursuant to section 29 of the Federal Farm Loan Act, as amended, is authorized, for the purpose of paying taxes on farm real estate owned by the bank or securing the mortgages held by it, with the approval of the Farm Loan Commissioner, to borrow from the Reconstruction Finance Corporation and to issue receiver's certificates against the assets of such bank as security for any loan received from the Corporation under this section, and such certificates shall constitute a prior lien on such assets. The Reconstruction Finance Corporation is authorized to make loans to such receivers for the purposes of this section.

## TITLE II. JOINT-STOCK LAND BANKS

## LIMITATIONS ON ISSUE OF BONDS AND LENDING

SEC. 201. After the date of enactment of this act, no joint-stock land bank shall issue any tax-exempt bonds or make any farm loans except such as are necessary and incidental to the

refinancing of existing loans or bond issues or to the sale of any real estate now owned or hereafter acquired by such bank.

## LOANS TO JOINT-STOCK LAND BANKS TO PROVIDE FOR ORDERLY LIQUIDATION

SEC. 202. (a) The Reconstruction Finance Corporation is authorized and directed to make available to the Farm Loan Commissioner, out of the funds of the corporation, the sum of \$100,000,000, to be used, for a period not exceeding 2 years from the date of enactment of this act, for the purpose of making loans to the joint-stock land banks organized and doing business under the Federal Farm Loan Act, as amended, at a rate of interest not to exceed 4 percent per annum, payable annually. Such loans shall be made upon application therefor by such banks and upon compliance with the requirements of this section. Such loans shall be made to aid the orderly liquidation of any such bank in accordance with such plan as may be approved by the Farm Loan Commissioner. Before any such plan is approved by the Commissioner he shall be satisfied that the plan carries out the purposes of this section and that such part of the proceeds of the loan as is devoted to settlements with bondholders will be used only to effect an equitable settlement with all bondholders. After the plan has been approved by the Commissioner he shall require the bank to mail a copy thereof to all its known bondholders and to publish a notice setting forth its provisions in at least three newspapers having general circulation. The amount which may be loaned hereunder to any such bank shall not exceed an amount having the same proportion to the said \$100,000,000 as the unpaid principal of the mortgages held by such bank on the date of enactment of this act bears to the total amount of the unpaid principal of the mortgages held by all the joint-stock land banks on such date.

(b) Any joint-stock land bank applying for a loan under this section shall deliver to the Farm Loan Commissioner as collateral security therefor first mortgages or purchase-money mortgages on farm lands, first mortgages on farm real estate owned by the bank in fee simple, or such other collateral as may be available to said bank, including sales contracts and sheriff's certificates on farm lands. The real estate upon which such collateral is based shall be appraised by appraisers appointed under the Federal Farm Loan Act, as amended, and the borrowing bank shall be entitled to borrow not to exceed 60 percent of the value of such real estate as determined by such appraisal. Fees for such appraisals shall be paid by the applicant banks in such amounts as may be fixed by the Farm Loan Commissioner. No such loan shall be made until the applicant bank, under regulations to be prescribed by the Farm Loan Commissioner, (1) shall have agreed to grant to each borrower then indebted to the bank under the terms of a first mortgage a reduction to 5 percent per annum in the rate of interest specified in such mortgage, beginning at his next regular installment date occurring more than 60 days after the date of enactment of this act, and (2) shall have agreed to the satisfaction of the Commissioner that during a period of 2 years from the date of enactment of this act the bank will not proceed against the mortgagor on account of default in the payment of interest or principal due under the terms of its mortgage and will not foreclose its mortgage unless the property covered by such mortgage is abandoned by the mortgagor or unless, in the opinion of the Commissioner, such foreclosure is necessary for other reasons.

## LOANS BY THE FARM LOAN COMMISSIONER TO JOINT-STOCK LAND BANKS FOR EMERGENCY PURPOSES

SEC. 203. (a) Out of the funds made available to him under section 202, the Farm Loan Commissioner is authorized to make loans, at a rate of interest not to exceed 4 percent per annum, to any joint-stock land bank for the purpose of securing the postponement for 2 years from the date of the enactment of this section of the foreclosure of first mortgages held by such banks on account of (1) default in the payment of interest and principal due under the terms of the mortgage, and (2) unpaid delinquent taxes, excluding interest and penalties, which may be secured by the lien of said mortgage: *Provided*, That during the period of postponement of foreclosure such bank shall charge the mortgagor interest at a rate not exceeding 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal with respect to which loans are made pursuant to this section. The amount loaned to any joint-stock land bank under this section shall be made without reappraisal: *Provided*, That the amount loaned with respect to any mortgage on account of unpaid principal shall not exceed 5 percent of the total unpaid principal of such mortgage, and the total amount loaned to any such land bank with respect to any mortgage shall not exceed 25 percent of the total unpaid principal of such mortgage.

(b) No such loan shall be made with respect to any mortgage unless the Farm Loan Commissioner is satisfied that the mortgagor, after exercising ordinary diligence to pay his accrued delinquent taxes and meet accrued interest and principal payments, has defaulted thereon; and unless the bank shall have agreed to the satisfaction of the Farm Loan Commissioner that during such 2-year period the bank will not foreclose such mortgage unless the property covered thereby is abandoned by the mortgagor or unless, in the opinion of the Farm Loan Commissioner, such foreclosure is necessary for other reasons.

(c) Each such loan shall be secured by an assignment to the Farm Loan Commissioner of the lien of the taxes and/or of the bank's mortgage with respect to which the loan is made: *Provided*, That the part of each such lien so assigned representing



the interest and principal due and unpaid in any such mortgage which has been assigned to the farm-loan registrar shall be subordinate to the existing lien of the bank for the balance of the indebtedness then or thereafter to become due under the terms of such mortgage; but the Farm Loan Commissioner may require the bank to furnish additional collateral as security for such loan if such collateral is available to the bank.

(d) The Farm Loan Commissioner is authorized to make such rules and regulations as may be necessary to carry out the purposes of this section and to make the relief contemplated immediately available.

#### TITLE III. LOANS TO FARMERS BY FARM LOAN COMMISSIONER REDUCTION OF DEBTS AND REDEMPTION OF FORECLOSED FARMS

SEC. 301. The Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Farm Loan Commissioner the sum of \$300,000,000, or so much thereof as may be necessary, to be used for the purpose of making loans as hereinafter provided to any farmer, secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer. The amount of the mortgage given by any farmer, together with all prior mortgages or other evidences of indebtedness secured by such farm property of the farmer, shall not exceed 75 percent of the value thereof, as determined upon an appraisal made pursuant to the Federal Farm Loan Act, as amended; nor shall a loan in excess of \$5,000 be made to any one farmer. Every mortgage made under this section shall contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments, sufficient to cover (1) interest on unpaid principal at a rate not to exceed 5 percent per annum and (2) such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due: *Provided*, That during the first 3 years the loan is in effect payments of interest only may be required. No loan shall be made under this section unless the holder of any prior mortgage or instrument of indebtedness secured by such farm property arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the farmer and such farm property for default in payment of principal. Loans under this section shall be made for the following purposes only: (1) Refinancing, either in connection with proceedings under chapter VIII of the Bankruptcy Act of July 1, 1898, as amended (relating to agricultural compositions and extensions), or otherwise, any indebtedness, secured or unsecured, of the farmer, (2) providing working capital for his farm operations, and (3) enabling any farmer to redeem and/or repurchase farm property owned by him and occupied by him as a home prior to the loss of such property by him by the passage of title under foreclosure sale, sale by trustee under a deed of trust, or voluntary alienation in satisfaction of a preexisting mortgage indebtedness, which has occurred within 2 years prior to the date of enactment of this act or which occurs on, or after, the date of enactment of this act. The provisions of paragraph "Ninth" of section 13 of the Federal Farm Loan Act, as amended (relating to charges to applicants for loans and borrowers from the Federal land banks), shall, so far as practicable, apply to loans made under this section. As used in this section, the term "farmer" means any individual who is bona fide engaged in farming operations, either personally or through an agent or tenant, or the principal part of whose income is derived from farming operations, and includes a personal representative of a deceased farmer.

#### REGULATIONS

SEC. 302. The Farm Loan Commissioner is authorized to make such rules and regulations and to appoint such agents as may be necessary to carry out the purposes of this act and to make the relief contemplated by this act immediately available.

#### FACILITIES OF FEDERAL LAND BANKS AND NATIONAL FARM-LOAN ASSOCIATIONS MADE AVAILABLE

SEC. 303. The Federal land banks and the national farm-loan associations are authorized, upon request of the Farm Loan Commissioner, to make available to him their services and facilities to aid in administering the provisions of this act.

#### PENALTIES

SEC. 304. Any person who shall knowingly make any material false representation for the purpose of obtaining any loan under this title, or in assisting in obtaining any such loan, shall, upon conviction thereof, be fined not more than \$1,000, or imprisoned not more than 6 months, or both.

#### TITLE IV. REFINANCING OF AGRICULTURAL IMPROVEMENT DISTRICT INDEBTEDNESS FOR THE BENEFIT OF FARMERS

##### LOANS BY RECONSTRUCTION FINANCE CORPORATION

SEC. 401. The Reconstruction Finance Corporation is authorized and empowered to make loans as hereinafter provided, in an aggregate amount not exceeding \$50,000,000, to drainage districts, levee districts, levee and drainage districts, irrigation districts, and similar districts, duly organized under the laws of any State, and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of land for agricultural purposes. Such loans shall be made for the purpose of enabling any such district or political subdivision (hereafter referred to as the "borrower") to reduce and refinance its outstanding indebtedness incurred in connection with any such project, and shall be subject to the

same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, as amended; except that (1) the term of any such loan shall not exceed 40 years; (2) each such loan shall be secured by refunding bonds issued to the Corporation by the borrower which are a lien on the real property within the project or on the amount of the assessments levied on such property by the borrower pursuant to State law, or by such other collateral as may be acceptable to the Corporation; (3) the borrower shall agree not to issue during the term of the loan any bonds so secured except with the consent of the Corporation; (4) the borrower shall pay to the Corporation, until all bonds of the borrower held by the Corporation are retired, an amount equal to the amount by which the assessments against the real property within the project collected by the borrower exceed the costs of operation and maintenance of the project and interest on its outstanding obligations; and (5) the borrower shall agree to the satisfaction of the Corporation to reduce the outstanding indebtedness to the borrower of the landowners within such project by an amount corresponding to that by which the indebtedness of the borrower is reduced by reason of the operation of this section, to distribute the amount of such reduction among such landowners on a pro rata basis, to cancel and retire its outstanding bonds in an aggregate amount equal to the amount of the reduction so distributed, and to permit the Corporation, in the case of the payment of the bonds of the borrower or the liquidation of such project, to participate in such payment or in the proceeds of such liquidation on the basis of the face amount of the bonds so retired plus the face amount of the bonds held by the Corporation as security for the loan. No loan shall be made under this section until the Reconstruction Finance Corporation (A) has caused an appraisal to be made of the property securing and/or underlying the outstanding bonds of the applicant, (B) has determined that the project of the applicant is economically sound, and (C) has been satisfied that an agreement has been entered into between the applicant and the holders of its outstanding bonds under which the applicant will be able to purchase or refund such bonds at a price determined by the Corporation to be reasonable after taking into consideration the average market price of such bonds over the 6 months' period ending March 1, 1933, and under which a substantial reduction will be brought about in the amount of the outstanding indebtedness of the applicant. This section shall not be construed or administered so as to make any land within any project of a borrower subject, without the consent of the landowner, to a lien for the payment of a greater proportion of the indebtedness of the borrower as compared with the other lands in the project than such land is subject to under existing law. As used in this section the term "State" includes Alaska, Hawaii, and Puerto Rico.

#### INCREASE OF LENDING POWER OF RECONSTRUCTION FINANCE CORPORATION

SEC. 402. In order to provide funds to carry out the purposes of this act, the amount of notes, debentures, bonds, or other such obligations which the Reconstruction Finance Corporation is authorized and empowered under section 9 of the Reconstruction Finance Corporation Act, as amended, to have outstanding at any one time, is hereby increased by \$300,000,000.

#### FUNCTIONS OF FARM LOAN COMMISSIONER UNDER EXECUTIVE ORDERS

SEC. 403. If and when any Executive order heretofore transmitted to the Congress pursuant to title IV of part II of the Legislative Appropriation Act of 1933, as amended, shall become effective, all functions, powers, authority, and duties conferred upon or vested in the Farm Loan Commissioner by this act shall be held and exercised by him subject to all the terms and conditions in any such Executive order the same as if such functions, powers, authority, and duties were specifically named in such Executive order or orders.

#### SHORT TITLE

SEC. 404. This act may be cited as the "Emergency Farm Mortgage Act of 1933."

The CHAIRMAN. The gentleman from Texas is recognized for 4 hours, and the gentleman from New York [Mr. CLARKE] is recognized for 4 hours.

Mr. JONES. Mr. Chairman and members of the Committee, this, it seems to me, is preeminently a time for action. This measure is but one of a series of steps which the administration has asked be taken in the struggle with this emergency. Standing alone it might not anything like accomplish the purpose that is desired. But I have every hope that with the other steps that have been and will be taken, we may find ourselves on the upswing. I am glad that we have a man in the White House who is unafraid [applause], who is willing to take responsibility, and who has a program. In this emergency I am not willing to block any of his steps on anything that does not involve fundamentals. I do not want the charmed circle to be broken; I want to give him every opportunity to work out of the condition that he has shown a disposition to go to the front upon. [Applause.]

It is probable that practically every Member of this House who has any farm section in his district has some ideas



about what a farm-mortgage bill should include. I have some of my own. I know a number of other Members who do. We could spend a year discussing the program and probably never get concerted action. As a matter of fact, for the past 2 or 3 years there has been enough discussion on the floor of this House to fill volumes. Now we are going to try to have action on a bill.

Let no one deceive you; this bill will do a tremendous amount of good. There are \$8,500,000,000 of farm mortgages in the United States, speaking in round numbers, and \$3,500,000,000 in other debts owed by the farmers. The average interest rate on farm mortgages in the United States is 6.1 percent. If that could be reduced 1 percent even over a period of 20 years, it would mean a saving to the farmers of \$2,000,000,000. If it were reduced 1½ percent, they would be saved considerably more than that. If the principal also is reduced, that will be an additional great advantage.

I shall take up this bill now and discuss it section by section and undertake to tell you just what it proposes to do and what it undertakes to accomplish. Gentlemen who have copies of the bill may, if they wish, follow me in the discussion. Title I of the bill provides for the issuance of not to exceed \$2,000,000,000 in bonds by the Federal land banks at a rate of interest not to exceed 4 percent, with the interest on those bonds unconditionally guaranteed by the United States Government. Those bonds are to be issued for the purpose of reducing the principal and interest, one or both, of outstanding mortgages, both in and out of the Federal Land Bank System.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. JONES. I prefer not to now. I want to finish the explanation, because I may during the discussion cover some of the things the gentleman or other gentlemen might want to inquire about. I shall ask the House to excuse me from interruption until I have finished a general explanation of the bill.

Section 1 of the bill provides that those bonds, when issued, may be sold upon the best terms possible. The money thus obtained is to be used, as provided in section 2, to reduce the principal or interest, or both, of outstanding mortgages, or those bonds may be traded for outstanding mortgages of all kinds and of every character, whether held by insurance companies or individuals. Twenty-three percent of those mortgages are held by insurance companies, 12 percent by the Federal land banks, 7 percent by the joint-stock land banks, 29 percent by individuals, 11 percent by commercial banks, and about 10 percent by mortgage companies. All of those mortgages will have a chance to come under the terms of this measure. In this particular title we use the Federal land bank as the method of approach. In some instances the principal can be reduced very greatly. The principal may be reduced as much as possible in a trade between the mortgagor and mortgagee and the representative of the bank. It is hoped that in many instances the principal of the mortgages may be very materially reduced and that the interest rates may also be reduced. There are other sections of the bill which deal in a different fashion with those things.

Section 3 provides for the handling of mortgages in cases in which the mortgage is well secured. Of course in a case of that kind there is no way to force a refinancing, by any sort of a bill that you might present. It is up to the mortgagee and there is no way to force him to do that. However, there are certain of those well-secured mortgages where there is a delinquency at the present time in taxes or in installments, principal or interest, or in all three. This particular section provides for granting an extension of payment to farm borrowers in the Federal land banks, and provides an appropriation of \$50,000,000 to take care of the necessary expense incident to granting those extensions of payment of principal and interest, and in taking care of taxes. The extensions may be at any time within a period of 5 years.

Section 4 makes provision that the maximum rate of interest for a period of 5 years on all outstanding old and

new mortgages in the Federal land banks shall be reduced to a rate not exceeding 4½ percent. I call attention to the fact that the measure uses the term "not exceeding." If we are able to sell any of those bonds which shall bear a rate of interest not to exceed 4 percent at a less rate of interest, that reduction must be carried forward into the loans and the borrower must get the benefit of it. Likewise, if the Federal land bank takes over a mortgage of \$5,000 and pays only \$3,000 for it, as it may be able to do in some instances, the farmer then must, under the terms of this bill, be given the benefit of having his mortgage reduced to a \$3,000 basis. You may say that will not help. I believe it will.

Some complain of these rates of interest. We have to finance farms over a long period of time, and we must get the money from somewhere. The home owners in the cities must have a similar bill. If we are able to get an upswing and get better commodity prices, which I believe is a part of the program and which I believe will result—and God help us if it does not—then they will be able to pay the rates of interest provided in this bill even though the maximum rate should prevail. If we cannot carry through the program—and a wonderful amount of confidence has been instilled in the American people through the accomplishment of the present Chief of the United States—if the program is blocked, they could not even pay 2 percent. In fact, if we do not have an upturn for the better over what has happened in the last 2 years it would not make much difference what the rate of interest is. This must be part of a program that restores America. I personally have my own personal belief about many things. For instance, I believe in liberalizing the currency. [Applause.]

An adequate amount of currency on a sound basis, to use the expression of the President in his first message, would do much to give us restoration, but certainly if that should come, if that should be a part of the orderly program that is being worked out, then if we have a measure by means of which the farmer may get rid of the immediate pressing debt that threatens foreclosure upon him, he can work his way toward daylight. If we do not do something of this character, then some mortgage companies may use that as a means of foreclosing when they see the upswing coming.

You may say we ought to have a lower rate. You can throw a wreckage program into the machine; as for me I would rather get a bill which I believe will accomplish great good and relieve this condition than to fight for something better and get nothing.

Under the terms of this section the interest rate on all of the outstanding mortgages in the Federal Land Bank System is reduced to 4.5 percent for a 5-year period, and provision is made for paying the land banks the loss which they have on their outstanding bonds, about one half of 1 percent. The average outstanding land-bank bond draws 4½ percent. They range from 4 percent to around 5 percent. Under the terms of this section not only will that interest rate be reduced but no borrower in the system will be compelled to pay anything on the principal for a period of 5 years. I believe that would help. We certainly hope that conditions will get better during that period. All the borrower will be compelled to pay is his interest and his taxes. He will not have to pay anything on the principal during that period. It seems to me that would be of material assistance.

Section 5 provides that the maximum limit of Federal land-bank loans shall be raised from \$25,000 to \$50,000. You understand that this bill provides for liquidation of the joint-stock land banks which were permitted to loan up to \$50,000. This rate is made discretionary, and must have the approval, in the individual case, of the Farm Loan Commissioner, but it enables the land banks to take that little field of loans, small in number but sometimes very important, which have been heretofore occupied by the joint-stock land banks in their ordinary set-up.

Section 6 provides for making direct loans to farmers rather than through farm-loan associations. It provides for making new loans as well as for the refinancing of the old loans. We made a change over the terms of the original



suggestion, which required that all borrowers join a farm-loan association. We changed that to make it permissive so that a borrower may join an association or remain on the outside and secure an individual loan. He pays one half of 1 percent higher on a direct loan than on a loan through an association. In some sections they would rather do that. At least, I believe the farmer will be better pleased if it is made voluntary if he wishes to go in on that character of an obligation.

Section 7 provides for loans to receivers by the Reconstruction Finance Corporation, in order to enable them to handle the orderly affairs of the banks which are in receiverships. There are three joint-stock banks in receiverships at the present time, and, of course, it is essential for some sort of a loan to pay taxes on their farm real estate. They are simply made eligible for loans in carrying that out.

Title II, page 12, of the bill provides for the orderly liquidation of the joint-stock land-bank system, and they are going out of business. Section 201 provides that the joint-stock land banks may not issue any more tax-exempt securities, and may make no more new loans, except such loans as are essential to the refinancing program of their own outstanding loans. In other words, it has stipulations that make liquidation necessary.

Under section 202 (a) the joint-stock banks are authorized to borrow \$100,000,000 from the Reconstruction Finance Corporation on their outstanding mortgages, after appraisal, and at a rate not to exceed 60 per cent of the value of the land. This is to enable them to wind up their own affairs in an orderly way and in the best manner possible, and thus save themselves and their borrowers from as much loss as possible, as there will probably be losses to the stockholders as well as to the bondholders.

The committee put in an additional provision requiring the Farm Loan Commissioner to supervise and approve the plan of liquidation and see that these dealings are all fair to everyone involved, including the borrower, the bondholder, and the stock owner. Then it is required, as a condition to this loan, that all of the outstanding loans held by the joint-stock land banks shall be reduced to 5 percent. Their present rate of interest is 6 percent. Before they can get this loan from the Farm Loan Commissioner they must agree to reduce the interest on all of their outstanding loans to 5 percent for the life of the loan, and agree not to foreclose for a period of 2 years, except for abandonment or other unavoidable circumstances, to be passed upon by the Commissioner.

I am thoroughly convinced that that is better than to force them into receivership.

Section 203 (a), immediately following, provides that they may borrow a portion of this \$100,000,000, without the necessity of appraisal. They may borrow for the purpose of taking care of immediate taxes, immediate delinquent installments of principal and interest on their borrowers' obligations. The limit, however, on what they may borrow for the outstanding principal is 5 percent, and the total they may borrow for all purposes under this section, without appraisal, is 25 percent of the unpaid principal of any mortgage. So it is figured that would be amply sufficient to provide security for the borrowings that may be made from the Farm Loan Commissioner.

Title III, in the thought of many, is a matter of tremendous importance. It provides for \$300,000,000 appropriation to make first or second mortgage loans in sums not exceeding \$5,000 for the purpose of taking up other mortgages, for the purpose of taking up, in some instances, outstanding minor indebtedness that might crimp the farmer in his operations, even though his farm mortgages were refinanced on a scaled-down basis.

It is hoped that the ones who are administering these loans will be able to get in touch with the mortgagor and the mortgagee or other holders of outstanding indebtedness, and say, "Now, if you here holding a \$5,000 mortgage will reduce it to \$4,000, and if you fellows on the outside will reduce the little running indebtedness that you have in several forms from \$600 to \$300, the Government

will let you take this \$4,000 mortgage provided you reduce the interest rate to 3 percent, 3½ percent, or 4 percent", whatever trade they are able to make, "and the Government will take a second mortgage of \$500 or \$1,000." So the original mortgage will be reduced to \$3,000 or \$3,500, as the case may be. Thus with a small amount of money we can refinance a tremendous amount of mortgages.

This provision was put in the bill largely because of the work which the unofficial group, as it is sometimes called here in the House, has done. It has made a study of this subject many times. The gentleman from Texas [Mr. BUCHANAN] presented a paper to the House which covered this feature. It is very interesting to take one of his analyses and follow it through. I shall ask that his analyses covering a \$10,000 loan and a \$5,000 loan, showing the saving to the farmer through the taking of a small second lien, be placed in the RECORD. We will take, for example, a \$5,000—

Mr. BUCHANAN. Ten thousand dollars.

Mr. JONES. I am cutting yours in half for the purpose of the illustration. I shall put all this in the RECORD.

The \$5,000 mortgage is cut to \$4,000, with the interest rate cut from 6 percent to 4 percent. Of course, these figures would have to be changed a little under the terms of the bill, because the second mortgage would carry with it a 5-percent rate, but it would be a small amount.

The Government loans the farmer \$1,000 to make a further reduction in principal from \$4,000 to \$3,000, charging the farmer 4 percent per annum on the loan and taking a second mortgage of \$1,000.

The farmer agrees to amortization payment at the rate of 1 percent per annum to liquidate the Government loan of \$1,000 and reduced principal of \$3,000.

Result: Interest charge over period of 20 years on present mortgage of \$5,000 at 6 percent per annum, \$6,000. This is the interest charge based on the assumption for the purpose of illustration that it would be a 20-year loan.

Interest charge over a period of 20 years on reduced mortgage of \$3,000 ("a" and "b" at 4 percent per annum), \$2,400.

Interest charge over period of 20 years on Government loan of \$1,000 at 4 percent per annum, \$800, \$3,200.

Saving to former in interest payments, \$2,800.

As a matter of fact, I have every hope that when this bill is finally enacted into law the insurance companies and the mortgage companies will meet the interest rates and make a saving to the farmer and the Government. I do not know whether they will do it, but I hope they will. This action on their part would save the Government some of the refinancing.

Mr. COX. Mr. Chairman, has the gentleman reached that part in his discussion where it will be agreeable for a Member to propound a question?

Mr. JONES. I am not through with my explanation, but I will yield.

Mr. COX. Is not the gentleman impressed that this bill as written simply sells the mortgaged farmer into bondage to the money lender for all time to come?

Mr. JONES. No; I do not think so.

Mr. COX. That no farm loan financing legislation answers the farmers' needs which does not make certain that there will be drastic reduction of the mortgage debt.

Mr. JONES. We had an illustration before the committee of the operation of how section 2 of the bill would operate. A man said he had \$10,000 against his farm; that the man who held it was willing to take \$6,000. Under this section of the bill this bank could take up that mortgage and would be forced, under the loan provision of section 2, to give the farmer the benefit of the \$4,000 reduction and the reduced interest rate as well. When this was explained to him he was perfectly happy.

Mr. COX. But did not the gentleman state in his explanation of the bill that it gave little promise of certainty of reduction of principal and interest?

Mr. JONES. Oh, no. I think it gives almost certain promise in the great stream of outstanding mortgages of a



reduction of principal, a material reduction of principal on the outstanding mortgages on a vast number of the mortgages held in this country, and on at least 80 percent a material reduction of principal as well as of interest.

I had not finished this illustration. It illustrates how the plan as worked out by the group could be handled. In addition to the \$2,800 that would be saved on the \$5,000 mortgage there would be, I read—

Plus saving on present amortization payment of 1 percent on \$1,000 by which present mortgage is to be reduced, \$200.

Mr. COX. That is the reduction in interest.

Mr. JONES. Let me finish.

Mr. COX. Is there in the bill something that makes reduction of principal and interest certain?

Mr. JONES. I cannot yield further at this time; I do not want this illustration to be interrupted. Plus saving in reduction of principal from \$5,000 to \$4,000 is \$1,000. Total saving in principal, interest, and amortization, \$4,000. Bear in mind that this is a saving on a \$5,000 mortgage over a period of 20 years.

Now, if this is not worth something, I am deceived about the matter, and I may say to the gentleman that there is not anything in this measure that forces anybody to take advantage of its provisions or to come within its terms. It offers a haven of refuge for the distressed farmer who, through the last few years, has been forced from his home under foreclosure and trustee sale, or who has been forced to make a voluntary transference in order to avoid trustee sales.

Mr. HASTINGS. Would it interrupt the gentleman for one who is sympathetic with all the purposes of the bill to make an inquiry about this section?

Mr. JONES. I will be pleased to yield to the gentleman.

Mr. HASTINGS. I want to invite the gentleman's attention to subparagraph (2), at the bottom of page 17, with respect to loans that are to be made by the Farm Loan Commissioner out of the \$300,000,000 fund, where it says that—

Such payments equal in amount to be applied on principal as will extinguish the debt within an agreed period of not more than 10 years from the date the first payment on principal is due.

I should like for the gentleman and his committee to consider whether or not this ought not to be extended for a longer period. Remember that in the preceding lines an interest rate of 5 percent is charged and this amortization is to be within 10 years. So you would have to charge the borrower 10 percent a year amortization, which added to the 5 percent interest, would make 15 percent per annum he would have to pay, and I very much fear that the borrower would be unable to make so large an annual payment. Am I correct in my statement?

Mr. JONES. No. I may say to the gentleman that there has been discussion of whether that should be 10 years or longer. It is a frequent practice as to a second mortgage to have it become due before the first mortgage. The second mortgage is supposed to be very much smaller, and in the illustration which I gave, it would be a small mortgage for the purpose of inducing the original mortgage holder to reduce his principal and his interest on the first mortgage very materially. He could reduce both just as much as he wanted to.

Mr. HASTINGS. I did not read the provision as applying only to second mortgages. I read it as being the amount that could be advanced by the Farm Loan Commissioner on both first and second mortgages.

Mr. JONES. No; if he makes the first-mortgage loan it is 5 percent; but it is hoped that much of this will be handled through either the scaling-down of these outside debts or through the taking-over of a small second mortgage in order to beat down the principal and the interest on the original mortgage.

Mr. HASTINGS. Then the gentleman construes this amortization provision at the top of page 18 as applying only to the payment of loans secured by second mortgage?

Mr. JONES. It applies to both.

Mr. HASTINGS. And not to the first mortgages that may be made?

Mr. JONES. No; the first mortgage may be left at 40 years if it is held by the original holder. If the whole mortgage is taken up, it would have to be for 10 years. If the whole mortgage is taken up, it would have to come under another feature of the bill if the amount loaned was more than \$5,000.

Mr. HASTINGS. The gentleman then construes section 301 to have that effect?

Mr. JONES. Yes. There is nothing to keep the original mortgage holder, if it is a private mortgage company or an individual, from extending it to any length of time he wants to.

Mr. TARVER and Mr. KNUTSON rose.

Mr. TARVER. I regret I did not hear the early part of the gentleman's discussion.

Mr. JONES. Will the gentleman allow me, then, to finish my statement?

Mr. TARVER. The question which I have in mind is one which is apropos at this point, if the gentleman will yield.

Mr. JONES. All right; I yield.

Mr. TARVER. I was interested in the gentleman's remarks concerning the possibility of reduction of the principal of mortgages. The gentleman has reference, of course, to the mortgages that are privately owned. As I understand the bill, and I have not had opportunity to study it carefully, there is no way by which the mortgagor, who has obtained a loan from the Federal land bank, could possibly obtain any reduction in the amount of principal owed by him.

Mr. JONES. There is no provision in the measure itself for a reduction of the principal on a Federal land-bank loan, but there is a provision for reducing the interest rate to not to exceed 4½ percent and that the principal shall not be required to be paid for a period of 5 years.

Mr. TARVER. Does the gentleman think it is fair, in effect, for the Government to go to private mortgagees and say, "You ought to sell your mortgages to the Government for 50 percent of the value of the land and 20 percent of the value of the improvements, and yet we are not going to allow reduced principal of Federal land-bank loans in cases where an equal percentage of values would be less than the mortgages"?

Mr. JONES. The gentleman may criticize the Federal system all he pleases—

Mr. TARVER. I am not criticizing.

Mr. JONES. But many mortgage companies in my country, after the establishment of the land-bank system, reduced the interest rate, and I suppose in the gentleman's country as well, from 8 percent to 6 percent.

Mr. TARVER. I am not speaking in a critical way at all.

Mr. JONES. Of course, most of the Federal land-bank mortgages are on a better basis, and this would reduce their rate of interest, and, surely, the gentleman would not object to some of these mortgages being scaled down.

Mr. TARVER. I am not antagonistic to the gentleman's bill. I am seeking information, and I trust the gentleman will be patient and will give me such information as he may have.

Mr. JONES. I wish I had the time, but I have promised practically every minute of my outstanding time, and I will explain the matter to the gentleman personally, if I may, after this is over.

Mr. TARVER. The gentleman has secured here a rule which prohibits the offering of amendment, and yet he will not talk to a Member, who is not antagonistic to the bill, about one of its most important provisions.

Mr. JONES. The gentleman surely would not expect me to go ahead when I have promised my time to others. There are 25 members of the committee, and I am sure they will be able to answer the gentleman's question, and I shall do so at a later time, if I may.

I will not have time to explain the provisions of title IV about improvement districts, but there are others who have had the privilege of studying this subject, and they are more familiar with it. It simply enables them to make loans for



a scale-down to enable the landowners within the district to come within the terms of this bill.

Now I want to say this: I believe that this bill will do a tremendous amount of good. I want to help break the shackles from the farmer who is in debt. I do not want to make credit easy. Credit has been too easy heretofore. I want to make the interest rate as low as possible. I believe we will be able to reduce it more in the future. And in the main I hope that the farmer may in the future cut down his indebtedness instead of increasing it. The only way to have a free people is to have a people who are as far as possible unencumbered. [Applause.]

Mr. HOEPPPEL. Will the gentleman yield?

Mr. JONES. Yes.

Mr. HOEPPPEL. Does the gentleman believe that we are helping the American farmer by providing for \$2,000,000,000 in tax-exempt securities?

Mr. JONES. Personally, I feel that all tax-exempt securities should be abolished for all the future. But they have been issued for many other purposes, and so long as the system is in vogue I do not feel that we should discriminate against the farmer.

Mr. Chairman, I reserve the balance of my time.

Mr. CLARKE of New York. Mr. Chairman, I yield myself such time as I may need.

I think the chairman of the committee, Mr. JONES, has explained this bill and its general purposes as well as anybody can. I do not believe there is a single member of the Agricultural Committee, I do not believe there is a member of the farm experts board that inhabits the Department of Agriculture who helped draw this bill who is fully cognizant of and understands the full significance and full import of this bill.

If you will read the discussions in the Senate of only yesterday, you will find that Mordecai Ezekiel, one of the authors of this bill, has gone into the ramifications of higher mathematics in an effort to explain its philosophy, to the extent that it is absolutely impossible for those at the other end of this great institution we call the Congress of the United States to understand.

I intend to elaborate on only two features, one is on the mortgage feature of this bill and the other is on the development of American agriculture and legislation relating to American agriculture.

According to my theory the history of American agriculture can readily be classified into two great periods or epochs. One is ancient agriculture that is typified by individualism personified, if you please, independence glorified, isolation complete, except Sunday at church when neighbors would have time between two sermons for a brief visit. This ancient farmer plowed his fields in haughty contempt of his fellow men, pursued his lonely life, inflicted it upon his family, and lived it irrespective of everybody and everything.

Now as to modern agriculture, I love to think of the universally beloved Lincoln as the pioneer soul and the man of vision who laid the foundation for what I picture as modern agriculture.

If you will turn back in your history of agriculture, you will find that it was in 1862 that a department of government known as the Department of Agriculture was established under Abraham Lincoln. It was also at that time that President Lincoln signed the Hatch Acts, having to do with the great western domain, and resolving back the proceeds of sales of those millions of acres in the West, under a dedication of service to American agriculture through the Hatch Acts and the Morrill Acts and land-grant colleges that followed it, which were the groundwork in their foundation and development, and these colleges, in turn, have made their great national contribution to our American agriculture.

In the underlying evolution of that great Agriculture Department and of the land-grant colleges, along came the extension work itself; and this extension work, if you please, under the Smith-Lever Act and the Purnell Act and other acts, has now reached out so far in its ramifications that it touches practically and brings to every farm home of this

country the benefits of investigation, the benefits of the agricultural facts of the whole world, to educate our farmers on world conditions in relation to what they produce. More than that, in the development of modern agriculture there has also come what we of the farm sections hold to be the greatest development of all, namely, the development of the farm home and the recognition of the farm home as a unit in the consideration of things in agriculture. I mean by that that the isolated independent farmer has largely disappeared, and in his place has come a recognition of the fact by the farmer and his Government that the farmer, his wife, and his children are all part and parcel of the great common enterprise that we call modern agriculture.

As the national picture of agriculture developed and grew and the usefulness of government enlarged, many agencies have been set up to help develop usefulness in the service of the Government of the United States through its efforts to bring equality, no more and no less, to agriculture.

What are some of these agencies? I shall point out only a few of them. There are the Federal land banks, the joint-stock land banks, the intermediate-credit banks, the warehouse system that provides for orderly assembling in many portions of the United States of products close to the source of production, in order that they may be orderly sent out into the markets when the markets need them, and the great marketing agencies that advise when those products of the farmers may be shipped. So I say there have been great developments in the picture of usefulness and service to agriculture of Government agencies, because, after all, we recognize that agriculture is a great fundamental industry affecting 6,000,000 of homes and a population of practically 30,000,000 people, and why should not our Government do its duty? However, a lot of abuses have crept up in the agencies in the development of this picture and in the Federal contribution sought to be made.

A great number of philosophies have sought to be developed and translated in law regarding modern agriculture and the duty that is imposed on the Congress of the Nation in giving equality, no more and no less, to agriculture. Do not forget, that is all that we on the great Agriculture Committee are demanding for agriculture—equality; no more and no less. What are these philosophies, and what are some of the theories they have sought to translate into law?

In the first place, we have the old "equalization-fee" theory, which is one of the first things that confronted me when I came to Congress 12 years ago. What is it the Congress sought to accomplish through that law? They sought in their way to make the benefits of the tariff reflect themselves back to the products and producers thereof, the exportable part of the products that our farmers produce in this country. That was all right in theory; but when you come down to the practical effect of the application of the "equalization fee", you found that the encouragement for farm production, the stimulation of that "equalization fee", was bound to create and pile up surpluses, surpluses, and surpluses; and that act was vetoed, though twice passed by the Congress of the United States, by President Coolidge.

Then we come to the second school of thought regarding what the Congress of the United States should do for agriculture in order to bring about agricultural equality, no more and no less, and I want to emphasize that. The theory underlying the export-debenture plan and the philosophy behind it was that it was a bounty in the form of a debenture on the commodity exported, the debenture to be used to pay the import duty on some other product coming in—a way to bring up farm-commodity prices; and again it was thought by those who were in control of legislation that through that very process you would again encourage overproduction and therefore ultimately break down the price fabric and structure of our agricultural commodities. That failed of being written into law.

The third great philosophy that was developed and which became the law of this country was known as the Agricultural Marketing Act. The first objective of that Marketing Act was to assist the cooperative movement in this country,



to enable the farmers of the country to have the benefits of all the information that could be assembled by the great Department of Agriculture, and the land-grant colleges, and give to the cooperatives their fair chance in competing in the markets not alone in this country but in the markets of the world where they had an exportable surplus.

Along with it was the so-called "stabilization plan." There is nobody who, in the light of experience, could stand up and defend the stabilization plan today, but for 10 years no great farm leader ever appeared before the Committee on Agriculture, urging a stabilization plan, who did not also impress upon the committee that if they could control and delay the marketing of the product from the time they began cutting and harvesting wheat, for instance, in Oklahoma and Texas, until it got up to the Canadian line, and not hurry the marketing of that product, 10 to 12 cents per bushel could be saved to the producers. Listening to plea after plea of these farm leaders, who have helped crucify this Cooperative Marketing Act today, we set up that power, Bill, Sam, and other farm leaders, if you want exact names, alleged friends of the farmer, claiming to be the pioneers and leaders in behalf of the farmers, yet crucifying them and destroying an agency of Government, and breaking down the good faith of the Government itself in trying to do this job of backing the cooperative effort.

So I say to those farm leaders, and I would make it stronger than parliamentary language will permit, "If you will get the hell out of this picture in this country of ours and leave the Congress and the Senate to do what it sensibly ought to do, we can help frame legislation that will help the farmer"; but as long as such unwise leaders are running around over the country, throwing the fear of God into a lot of people, going back into the districts and, through their influence, literally compelling some of the Representatives into doing what they know ought not to be done, such leaders are proving false to the great farmer himself who is paying them to represent him, and untrue to representative government itself.

Now, my friends, let us look into the cooperative movement. I claim to know something about that movement. For 7 years I have been director of the second largest cooperative in the United States. What is the theory behind the Federal Government's backing the cooperative movement? I will tell you. If the farmers themselves are unwilling to go into the cooperative organization on the commodity they produce, to help fight their own battle and to not lean upon the Federal Government any more than is necessary, what right have they to appeal to their Government?

I say if the farmer is not willing to go into his own cooperative organization on the commodity he produces, federate nationally, and help fight his own battle, how can he expect the Congress of the United States to take him by the seat of the pants and lift him into economic prosperity? The good Lord will not save those unwilling to do their part. Many of those leaders in the cooperative movement have been false; they have betrayed their trust. If you want, I will give you some examples of it.

I ask unanimous consent, Mr. Chairman, to extend my remarks. I want you to know something about what has been going on with a fund (\$500,000,000 for Farm Board), that I hold was as sacred a fund as was ever created by the taxpayers' money and dedicated to the cause of giving equality to agriculture, no more and no less.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

There was no objection.

The matter referred to is as follows:

FEDERAL FARM BOARD,  
Washington, March 30, 1933.

HON. JOHN D. CLARKE,  
House of Representatives.

DEAR MR. CLARKE: Complying with the request contained in your letter of March 29, there is given below a tabulation showing all loans made by the Federal Farm Board to cooperative

associations in the State of New York, which tabulation shows total advances, total repayments, unpaid balances, and interest rates applicable thereto:

Names and addresses of associations	Total advances	Total repayments	Balance outstanding	Interest rate
Dairymens League Cooperative, Inc., New York, N.Y.	\$3,600,000.00		\$3,600,000.00	2%
Cooperative Grange League Federation Exchange, Ithaca, N.Y.	250,000.00	\$100,000.00	150,000.00	1%
Do.	60,000.00		60,000.00	5%
Do.	200,000.00		200,000.00	1½%
Total	510,000.00	100,000.00	410,000.00	
Chautauque & Erie Grape Growers Association, Westfield, N.Y.	50,000.00	20,000.00	30,000.00	1½%
Do.	50,000.00	20,367.48	29,632.52	3½%
Do.	150,000.00	90,000.00	60,000.00	1½%
Do.	60,000.00		60,000.00	1½%
Do.	75,000.00	75,000.00		1½%
Total	385,000.00	205,967.48	179,032.52	
Clintondale Fruit Growers Cooperative Association, Clintondale, N.Y.	175,000.00		175,000.00	1½%
Growers Cooperative Grape Juice, Westfield, N.Y.	19,200.00	9,600.00	9,600.00	1½%
Long Island Duck Growers Marketing Association, Eastport, Long Island, N.Y.	150,000.00	150,000.00		½%
South Shore Cooperative Association, Silver Creek, N.Y.	8,000.00	683.48	7,316.52	½%
Wayne Cooperative Cherry Growers Association,odus, N.Y.	14,299.78		14,299.78	½%
Grand total	4,861,499.78	466,250.96	4,395,248.82	

Trusting that the information contained herein is sufficient for your needs, I am,

Sincerely yours,

HENRY MORGENTHAU, Jr., Chairman.

Mr. CLARKE of New York. What happens? The minute those farm leaders came into the picture and had a chance to get hold of a lot of that cheap money at an unfair interest rate they utilized and abused it for selfish advantage; they plunged into the hog trough, hook, line, and sinker; and they have done an irrevocable wrong to the great farm movement and brought discredit on the Cooperative Marketing Act. I say they are more guilty than anybody else of crucifying it.

You want another example? Very well. Out in Chicago there is a farm organization known as the Farmers' National Grain Corporation, which saw this \$500,000,000, and with somebody on the Farm Board cooperating, conspiring with them to defeat the high purpose of the holy fund that had been set up for national cooperative movement, what did they do? They borrowed \$15,500,000 at one eighth of 1 percent and paid someone a salary of \$50,000. Is that at all fair? Is that playing fair with the taxpayers? Is that playing fair with the cooperative movement? Is that playing fair with the fund that was created for this purpose by the taxpayers? I say to you that they are betrayers of a holy trust, and as far as I am concerned I should like to banish them all from the great farm picture.

I have received permission to put into the RECORD some of the doings of other cooperatives in my own State of New York, to show that they too have tried to get next to this fund, and to set up competition that is absolutely unfair, financed by money which was borrowed at less than they could borrow it in the ordinary course of business.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. CLARKE of New York. I yield.

Mr. COCHRAN of Missouri. Was not the Farmers Grain Corporation in Chicago set up by the Farm Board?

Mr. CLARKE of New York. That is it exactly. That is the conspiracy I am talking about. The Farm Board was in conspiracy with these alleged farm leaders to get that fund, and they tied it up for 10 years at one eighth of 1 percent.

Mr. COCHRAN of Missouri. And did not the Farm Board acquiesce in paying the head of that concern \$75,000 a year when he had never earned \$10,000 in his life before?

Mr. CLARKE of New York. Yes.

Now, I say that is only a part of the picture.



I have put into the RECORD a statement of what our co-operatives in the State of New York are doing. Some of that is wrong. After all, the Government is not called upon to finance any cooperative at a lower rate of interest than it is paying for its money elsewhere; and in the second place, they have been financing competition with legitimate business. That is a fundamental principle. If that is not sound, when I get through with my little story I shall be glad to answer any questions about it, but that is the experience we have had with this thing. So I say a lot of our farm leaders have helped crucify this cooperative movement.

Now, regarding the mortgage situation, this Roosevelt bill, as I call it—and that is what it is, my friends, no more and no less—seeks to alleviate, not cure, the farm situation by issuing \$2,000,000,000 worth of 4 percent Federal bonds with the interest guaranteed to help lighten the burden of interest to these giving farm mortgages. It is going to do some good, but let me ask, Where is the farmer who cannot pay his taxes going to get any money to help pay interest? [Applause.]

Just how serious and to how many of our farm homes does this mortgage problem apply? According to testimony before our committee 58 percent of the farms in this country are not mortgaged. So we are seeking to apply the remedy to 42 percent of the farms, for this is the percentage of the farms that are mortgaged. Those of you who have not studied this problem will want to know how the mortgages are arranged geographically. The 12 North Central States, that means out in the Middle West, have 59½ percent of the total farm-mortgage debt of the United States; the North Atlantic States, 6.8 percent; the South Atlantic States, 5.5 percent; the South Central States, 13.7 percent; and the Western States, 14.5 percent. This makes up the 100 percent of the 42 percent—keep that in mind, 42 percent of the farms, the ones which have this mortgage debt.

Fifty-six percent of the 42 percent of this mortgage debt is on farms operated by owners; 40 percent of the 42 percent of this mortgage debt is on farms operated by tenants; 4 percent of the 42 percent of this mortgage debt is on farms operated by managers.

Who are the creditors? Because I do not want to tire you with figures I shall put in the RECORD a detailed statement of the classes of lenders and the debt.

*Who are the creditors?*

Classes of lenders	Per cent	Millions of dollars
Federal land banks.....	12.1	1,146
Joint-stock land banks.....	7.0	667
Commercial banks.....	10.8	1,020
Mortgage companies.....	10.4	988
Insurance companies.....	22.9	2,164
Retired farmers.....	10.6	1,006
Active farmers.....	3.6	339
Other individuals.....	15.4	1,453
Other agencies.....	7.2	685
Total.....	100.0	9,468

This one fact stands out, that there are in this country today 750,000 individual creditors in this farm-mortgage picture. Some of them are active farmers; some of them are retired farmers; others are widows; and many others have put their dollars into farm mortgages, believing, as we all believe, that, after all, a farm mortgage, a mortgage upon the real estate of this country, is the best security upon the face of God's earth, and these investors, thus believing, are looking to us for help. I am not one of the old-fashioned standpat farmers from the hills who believe the Lord is going to help us all. These people are looking to the Congress for help. They need it, and they need it now.

I believe there has been altogether too much credit given to too many people in this country. I believe this is responsible for at least half of the situation we find ourselves in now, whether we be farmers, independent investors, or others. Extravagant installment buying by farmers mostly helped make Henry Ford a billionaire and Raskob and his friends multimillionaires. In the first place, all of us had

too much credit, and the result was when the breakdown came and the banks called on us, we were forced to liquidate at such prices as we could get. The banks were just as unscrupulous as any person who ever walked the streets of the hot spot below in seeking to force us all to liquidate, liquidate, liquidate.

Down in the Treasury the very agents and inspectors of the banks who for years had been looking into and checking up banks, both city banks and country banks in the little communities, were putting emphasis on liquidation. Their cry was liquidate! liquidate! liquidate! although time after time they had been in those very same banks and O.K.'d the identical securities they were now forcing those banks to get rid of at any old price. They, more than anybody else, have helped create the condition we are now in. [Applause.]

I think any fair-minded person in the world would go along with the objectives of this bill. I see over here Brother PIERCE. We call him "Governor" in the committee and love him. He comes from Oregon. He has had an awful time with his conscience, but it is not his conscience as much as it is the political promises he made that are hurting him. [Laughter.] Political promises are hurting a lot of the rest of you, because you have been promising to the farmers more than the farmer is entitled to. He is entitled to equality, no more, no less.

So I say that in the bill, as framed, there are a lot of things that are objectionable. They are objectionable to me in the first place because not a single man, not a single woman, or a single interest opposed to taking this bill as written has had 1 minute of time before the committee. Now, this is not the way sound legislation emanates, Mr. Chairman. It is not the way to write the best bill in the world. Let the other fellows come in, and if they can shoot your argument, or shoot your bill, full of holes, to the satisfaction of a majority of this Congress, what is wrong with giving them the opportunity to be heard and the Congress the right to vote upon their suggestions? [Applause.] So, I say, I do not like the atmosphere of the thing.

I will say this for that group, Mordecai Ezekiel did not present himself before our committee as an expert because he goes into higher mathematics and the rest of us cannot follow him, but the other people who came there from that group were a very fair-minded, able, outstanding group. I loved Secretary Wallace's father. He was my loyal friend, a guest at my farm and Mindale Farms, and my people loved him. His boy, the present Secretary, is proving a worthy son, keeping the high traditions of the Wallace family of Iowa.

To show that the policies of our Federal land banks are being materially changed I want to read this telegram from a boy who grew up in my home town. He is the president of the land bank up in Springfield, Mass., and is doing a mighty good job. Here is what he [Ed Thomson] says and you are entitled to the information because your conscience and your constituents are going to hold you responsible for whatever way you vote:

*SPRINGFIELD, MASS.*

In connection with consideration of farm-mortgage measure you may be interested to know the Federal Land Bank of Springfield last year approved all applications that met requirements and made new loans of over three and one-third million dollars.

This is a farm boy who grew up on a farm up in my hills.

Most of these loans were for refunding local indebtedness, especially mortgages held by local savings and commercial banks, as few farmers are borrowing to enlarge their business. Federal land bank about the only source where farmer can get mortgage loan. Considering present low prices for agricultural products, farmer borrowers with about 50 millions in loans are meeting their installments in splendid shape, over two thirds of loans being in good standing and remaining asking for only very short extensions. Immediately following passage Fletcher-Steagall measure last Congress the bank granted all its borrowers privilege of deferring.

He is a good, fair-minded farmer boy up there who is applying the law with a few heart throbs.

Principal part of installment for year beginning April 1, but over 50 percent of borrowers are voluntarily continuing to pay full installment. Foreclosures are very few and instituted only as last resort where property is abandoned or the borrower indifferent



and unwilling to work or had no possible chance of succeeding. Good demand for the few farms acquired with 53 sales in the last 6 weeks, which show little loss on bank's investment. As you know, the bank has endeavored to finance farmers here in the Northeastern States safely and constructively, with result that bank is rendering real service and is in good, sound condition today.

This is a Federal land bank, but if we turn the picture over a bit and if the Interstate Commerce Committee had the nerve and the times were right, the best job in the world that could be done with respect to some of these agencies—and I refer particularly to the joint-stock land banks—would be to take off the lid and show that some of these joint-stock land banks, with their high-pressure salesmen, falsely have been telling people that the Government was behind the securities they were issuing and in this way lent at least \$400,000,000 and obtained money under false pretenses. The worst stinkpot you have is the joint-stock land bank proposition. [Applause.]

Now, as our chairman very fairly stated, this is not the bill that any of us, even on this committee, would draw for ourselves. It does not meet the situation of our country, as I view it, in a lot of ways, but so far as I am concerned it is the best we can get with the Democrats so overwhelmingly in the majority, so we cannot do any bargaining for better legislation. [Laughter.]

So I am going to go along. I am going to back the President and stand with my chairman and help him to perfect and pass this bill. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, I am glad indeed that we have before us today a bill the purpose of which is to relieve, in part at least, our agricultural lands from mortgage debts incurred during the days of prosperity. Our farm lands were mortgaged, and if commodity prices had continued as they were then, there would have been no trouble in paying it off. But when commodity prices dropped to about one fourth of what they were at the time the mortgage was made the farmer found himself in debt, with little hope of being able to even keep the interest paid, and sometimes could not do that, and his farm has been taken for the debt.

Forty-two percent of the agricultural lands are today under mortgage, and unless some relief can be given the lands will be lost to the farmer. When the farmer fails everything else fails. If you will put the farmers of the United States in a prosperous condition, you will solve every other problem. The wheels of industry would begin to turn, the railroads would have plenty to haul, railroad shops would be filled with working men, the banks would not be broke, and the merchant would again have business. The farmer could then take back some of the men who have left the farm and give them employment.

Today we have in the United States 15,000,000 men out of employment. The farm has in the past furnished 50 percent of the employment to men. It will not only do that again but will do more, if agriculture is taken care of. We have today 4,110,000 families, as shown by the records, receiving aid or some State agency relief. We must not let this condition continue. Nothing hurts the pride of the American citizen more than this, yet we know it has been brought about by a condition over which they had no control and by no fault of their own.

Counting the population of the United States at 120,000,000 people, and dividing the number of acres of land in the United States by this number, it will be a fraction over 15 acres per person. If this acreage is properly used, no one will ever suffer for bread.

We frequently hear it said that overproduction is our trouble. With the present methods of handling and marketing our farm products that may be true. But if the people had the buying power that they should have, I think it would soon be demonstrated that it was not so much overproduction as it was underconsumption.

This bill is not perfect, and it does not go far enough to give the entire relief needed. It provides relief up to \$2,000,000,000. I hope the plan will work so well that relief will

be given to all by a further advance under this plan. The lands now mortgaged to the joint-stock land banks and the Federal land banks can be refinanced under this bill and our valuable farm lands saved from foreclosure. This bill provides a plan, or, at least, holds out the hope that the mortgage debt may be scaled down to what is fair and just between the mortgagor and mortgagee.

The interest rate provided for is too high, but the rate of not exceeding 4½ percent will certainly help. I think 3 percent is high enough. I introduced a bill myself that I like better than this one; but it seems this is the best we can get now. The farm bill, if it accomplishes the purpose that we hope it will and believe it will, together with this act, should at least start the farmer back to normal conditions and to where farming will be profitable.

This act provides not only for refinancing mortgages now existing but also provides for new and better loans. We hope the day will soon come when it will not be necessary to mortgage the home at all. The happiest man in the world today is the man who is on a good farm that is free of debt.

Title 4 of this bill provides for relief to farmers living in agricultural improvement districts. This bill provides for refinancing them to the amount of \$50,000,000. In my district, the Sixth District of Arkansas, this provision will be the saving of our very best agricultural lands.

The levy and drainage lands ought to be reduced to at least half of their face value before they are refinanced under this plan, and the landowners have the advantage of this reduction and are then given a period of 40 years to pay the other off.

When this is done, our farmers living in these districts will see the light of a new day. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 20 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, three members of the committee have thus far spoken on this bill. The chairman of the committee, the distinguished gentleman from Texas [Mr. JONES], stated that in his mind we should have a bill with lower rates of interest, and he also stated that so far as he personally was concerned he believed in an expansion of the currency. The gentleman from New York [Mr. CLARKE], the ranking Republican member of the Agriculture Committee, said that in his mind this bill does not meet the problem; it does not have various provisions that he would like to see in the bill; and the distinguished gentleman from Arkansas [Mr. GLOVER] stated that he was not satisfied wholly with all of the provisions of the bill. I dare say that every man or woman who speaks in favor of this bill today must of necessity speak with some apology if he or she is honestly and seriously trying to do all that is possible for agriculture. [Applause.]

I am not going to make any apologies for this bill, because I say here now that so far as I am able in my humble, small way, I am going to resist the enactment of the bill, hoping that we shall be able to send the bill back to the committee, so that they may write a bill which will give some relief, some honest-to-goodness relief, to agriculture. [Applause.]

During the consideration of this bill before the committee I did all I possibly could to have the provisions of the so-called "Frazier bill" substituted for this bill and made the basis for our consideration in this refinancing legislation. I know there are a large number of Members of this House who believe in an expansion of the currency, such as is provided for in the Frazier bill. Many of you have been for a long time advocating a revaluation of the gold ounce, and others of you have been talking about monetizing silver. Some of you have expressed your preference for a bill that would pay public debts in Treasury notes or Federal Reserve notes. Others of you would provide for a general expansion of the currency with our present metallic base. Many Members of this House have different ideas as how the expansion of the currency should be brought about, and I think I can honestly say that a majority of the Members of the House at this time are in favor of some



kind of an expansion of currency. I submit to you that this is the best possible means that you can find to expand the currency; at least, it is the only possible bill that you will have up for consideration in which you could provide for a free distribution of this expanded currency.

The Frazier bill, as you all know, provides for the refinancing of farm mortgages and farm indebtedness of all kinds with a rate of interest of  $1\frac{1}{2}$  percent per year, and amortization payments upon the principal of  $1\frac{1}{2}$  percent per annum. Oh, I know that many of you have been going along with the idea that the 6 percent rate and the 5 percent rate are something sacred, and you will raise your hands in horror at the thought of interest rates at  $1\frac{1}{2}$  percent per annum, but I say to you, friends of agriculture, that the farmers of this country cannot pay more than that rate of interest on the present value of their farms and their present mortgage indebtedness. If we were to refinance these farm mortgages with interest rates at  $1\frac{1}{2}$  percent per annum, it would give the farmers a breathing spell; it would enable them to pay off their farm debts, and it would restore to them their purchasing power, because they would have some money left after they paid their interest. It would restore their purchasing power and in that way, and only in that way, by restoring the purchasing power to the farmer, will we have any material increase in business or industrial activity.

As I said before, the bill provides for the issuance of new currency, Federal Reserve notes, in its final analysis, for the purpose of refinancing these farm loans. The bill has a provision that not in excess of \$75 per capita of currency shall be in circulation at any time. That means that there is a limitation under the provisions of the bill to an expansion of about two and a half to three billions of dollars. There can be no greater expansion of the currency under the provisions of the bill. The bill also provides that farm-loan bonds shall be issued and offered for sale bearing  $1\frac{1}{2}$  percent interest. We all know that there would not be many of those bonds sold in the open market, so the bill provides that such bonds as are not readily sold shall be turned over to the Federal Reserve Board, and they in turn will turn over to the Farm Loan Commissioner an equivalent amount of Federal Reserve notes for the purpose of refinancing these loans.

It is estimated conservatively, I believe, that only about two or two and a half billion dollars of new currency, used as a revolving fund, will be needed to refinance all of the farm indebtedness of this country. That would provide for an amortization of the indebtedness, and the entire debt would be paid at the end of about 47 years. I believe that at the end of that period the present farm indebtedness of the country would be entirely wiped out, and there would be a substantial return to the Treasury of the United States of over \$6,000,000,000, which it would receive in interest. I know the Government is not in the banking business, and it does not desire to make any profit out of loaning money particularly, but I believe it can loan this money to the farmers in such a way that the currency will be expanded and that as a result there will be some prosperity in the country. As I said a few moments ago, many Members of Congress have different ideas as to how the expansion shall take place. When we passed the bonus bill last year in this House, I believe it passed the House because a majority of the Members of the Congress felt that an expansion of the currency was necessary, and I am satisfied that when the House passed the Goldsborough bill by an overwhelming majority last year, the Members of the House felt it would result in an expansion of the currency.

I am satisfied that the Members of the House believe that when we considered the Glass-Steagall bill last year, it would cause an expansion of the currency, and that is the reason it passed the House. It provided for an expansion of the currency, but not in the interest of the people of the country, but in the interest of the banks. I find no fault with that. I am willing to help the banks as far as I am able. I recognize them as a necessary part of our economic system, but I submit that the Glass-Steagall bill, which pro-

vided for an expansion of currency, did not, as a matter of fact, increase the amount of circulating medium among the people.

Then, again, last year we considered the Glass amendment to the home loan bank bill, which provided for an additional \$900,000,000 of possible expansion of currency, and, depending on the promises made on this floor that that would expand the currency, we passed that bill, but that did not help the people of the country. That again was a bill that helped only the bankers. I find no fault with that.

Then, again, the other day the question was, What should be done with the President's message on refinancing farm loans? The House broke a precedent, I understand. The Speaker referred the matter to the House as to the disposition of that message. Men who have sat on this floor much longer than I, have stated both on the floor and to me privately, that it has been the custom on all such bills to refer them to the Committee on Banking and Currency, but the House of Representatives, by an overwhelming vote the other day, being dissatisfied with the system that has prevailed in the last few years in this Congress on monetary matters, realizing that this was an opportunity to give some real relief and get away from this damnable policy of issuing new bonds, referred this message to the Committee on Agriculture. I was hopeful that the Committee on Agriculture would report out a bill which would meet with the approval of a majority of the Members of this House. As far as I am able, during the time we are considering this bill, I am going to exert every effort I possibly can to get a vote on the Frazier bill as a substitute for this bill. [Applause.] I recognize, having made the motion, which I will offer if I am able to be recognized—and I believe the rules will permit me to get recognition, unless some unforeseen circumstance arises and some person holding greater rank on the committee than I obtains recognition with some amendment that thus far has not been advanced—unless something happens along that line to take me off my feet, I shall make a motion to recommit this bill to the committee with instructions to strike out all after the enacting clause and insert in lieu thereof the Frazier bill, word for word, as it is now written. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. COX. My thought on the pending legislation is that the bondholder gets the lion's share of the benefit that is promised.

Mr. BOILEAU. And I agree with the gentleman completely.

Mr. COX. If, then, through the adoption of this legislation the American farmer is sold into a state of economic slavery to the mortgage holder, what hope of relief is there for him except not only through expansion of the currency but inflation, and drastic inflation at that?

Mr. BOILEAU. I agree with the gentleman entirely, and I submit that this bill as it is written today should have been referred to the Committee on Banking and Currency—if we are going to leave it as it is written now—because it is a bankers' bill more than it is a farmers' bill, and it should be under their supervision.

I voted to refer it to the Committee on Agriculture, because I feel that a majority of the members of that committee—in fact, all of them—are anxious to do what they can do for the farmer, but we do not seem to be able to agree upon a plan that will give any relief.

I want to call attention to a few of the provisions of the so-called "farm relief bill". In the first place it provides for more bonds, and I believe it is about time we quit issuing bonds, at least until such time as we have used the resources of the Government sufficiently to expand the currency to the amount that is necessary to carry on the normal business of the country.

It provides for the issuance of 4-percent bonds, the interest to be guaranteed by the United States Government. When we start guaranteeing the interest on these bonds, we might as well admit we are back of the whole thing, because, after all, that is what it amounts to. These loans



are made over long periods of time, and if they can have the guaranty of the United States Government that that 4 percent interest will be paid, the Government might just as well take over the responsibility of backing up the principal as well.

Secondly, this bill provides that loans shall be made to farmers at the rate of  $4\frac{1}{2}$  percent per annum. Oh, yes; it provides "not in excess of  $4\frac{1}{2}$  per cent", but I will tell you that the experts testified before our committee that you cannot sell bonds in these days unless you sell them at 4 percent. And he also said if you are going to pay 4 percent it is necessary to get  $4\frac{1}{2}$  percent interest. I leave it to you whether or not the farmer is going to get any lower rate of interest.

Now, the Federal land-bank law, of which this bill is merely an expansion, provides that when a farmer obtains a loan he must buy 5 percent of the amount of his loan in the stock of some national loan association or land bank. In other words, if he gets a \$10,000 mortgage he gets \$9,500 in cash and \$500 in the stock of a national loan association, and they have not paid interest on those loan-association stocks for the last 3 years, and they will pay interest on those stocks in the near future. So the farmer pays  $4\frac{1}{2}$  percent on the \$10,000 when he only gets \$9,500; so that boosts the interest rate a little. Then all of these charges that are made in connection with the investigation, and so forth, are all placed upon the shoulders of the farmer.

Mr. PARSONS. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. Does the gentleman, from his experience, feel that these bonds can be sold for less than 4 percent interest?

Mr. BOILEAU. Not according to the testimony of the experts. They say you must have at least 4 percent. Bear this in mind also, that the very economic conditions that have brought about this terrible plight among the farmers is responsible for the high rate of interest on bonds, according to their statements.

Mr. PARSONS. Mr. Chairman, will the gentleman yield for another brief question?

Mr. BOILEAU. Certainly.

Mr. PARSONS. Is it not a fact that in recent flotations of Treasury issues they are taken at low interest rates? In fact, yesterday's paper indicated that an issue of Treasury notes was five times oversubscribed, and the rate of interest was only 1.75 percent?

Mr. BOILEAU. The gentleman is correct.

Mr. TAYLOR of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. TAYLOR of Tennessee. The proposed Muscle Shoals bill provides only 3 percent interest and also requires that the bonds be sold at par.

Mr. BOILEAU. Yes. The provisions in regard to Muscle Shoals are a little better than the provisions for the farmers. I am in favor of a low rate of interest, but in my opinion there is no possible chance of the interest rate to the farmers being lower than  $4\frac{1}{2}$  percent. I think every Member of the House will agree with me in this statement.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. O'MALLEY. The opinion has been advanced that this is the best bill that we can expect to be brought out during this session. Will the gentleman explain why this is so?

Mr. BOILEAU. I may say to the gentleman that if all the Members go along with the bill and pass it, it is the last chance we will have to do anything about it, and in that case will be the best bill we can get; but if we recommit the bill to the Committee on Agriculture with instructions to report out the Frazier bill we will have a much better bill. And I may say that if a motion to recommit with instructions to report out the Frazier bill fails I shall make a direct motion to recommit the bill to the committee with instructions to reconsider the bill, and then we will bring back a bill that really amounts to something.

This bill is merely a gesture. It is not a real effort to relieve agriculture. It provides that a farmer may not obtain a loan in excess of 50 percent of the value of his land plus 20 percent of the value of his permanent, insurable improvements thereon. I happen to live in a dairy district, and I am more conversant with conditions in the dairy districts than I am with conditions in other agricultural sections. Let me give you an illustration showing why I do not think this will be of any help to the dairy farmers, especially when they are getting 60 cents a hundred for milk that costs them \$1.40 a hundred to produce.

Dairy farms are highly improved. A dairy farm must have a nice big barn with all modern equipment. A dairy farm has more permanent buildings and equipment for a small amount of land than any other type of farm. In my section of the country the value of the real estate and the improvements is divided almost evenly. Fifty percent of the value of the farm consists of land and 50 percent consists of improvements.

Now, if this be the situation, it means that dairy farmers can get only 35 percent of the value of their real estate in the form of a loan; and today, Mr. Chairman, these farms in many instances are mortgaged above the value of the real estate. How in the name of common sense can a farmer refinance his loan under such circumstances when he is only allowed a loan of 35 percent of the value of his farm? How can he refinance the indebtedness that exists on his farm under such circumstances?

Mr. CLARKE of New York. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. CLARKE of New York. Is it not also true that the boards of health of different cities in their inspection of milk-producing farms not only inspect the barns but test the cattle for tuberculosis, require that the milk-cooling vats be separate from the barns, and make other requirements to the extent that before the dairy farmer gets through with his investment the dairy farmer of necessity has a greater investment in equipment than any other type of farmer?

Mr. BOILEAU. The gentleman is entirely correct. This is the reason why the dairy farmers today are not going to get one iota of assistance under this bill.

What applies to the dairy farmer applies equally to that class of farmers who operate on a comparatively small acreage basis, because their permanent improvements in the form of barns and buildings are about equal to the value of the land. The man who has a 3,000-acre grain farm on the prairies has a little frame house and small outbuildings, which have no comparison in value to the improvements on the average dairy farm. He could get a loan of almost 50 percent of the value of his farm.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 5 additional minutes.

Mr. BOILEAU. Carrying out my thought with regard to these loans, it is argued on the part of the sponsors of this bill that although a farmer having a \$10,000 mortgage on a farm worth \$10,000 can only get \$3,500 with which to refinance his loan, nevertheless this will bring about a voluntary scaling down of the mortgage on the part of the mortgagee. I submit for your consideration that the bill says the mortgage shall not be in excess of 50 percent of the value of the land and 20 percent of the value of the buildings. It speaks of value. This does not mean pre-war value; this does not mean 1920 value; this does not mean 1926 value. It means value at this time. Some say that those applying the provisions of the bill will give a liberal interpretation to this word "value." I hope they take this view of it and will interpret it liberally. But bear in mind that if this bill does result in the scaling down of any mortgages it will not be in the interest of anybody who is in bad condition at the present time.

If a farmer has a mortgage on his farm today equal to the full value of his farm, whether you consider it pre-war or present values, and there is only a small difference be-



tween pre-war values and values at the present time, because, according to the statistics of the Department of Agriculture, the present value of farm lands is about 80 percent of what it was in 1909-14 period.

Mrs. McCARTHY. Will the gentleman yield?

Mr. BOILEAU. Let me carry through this thought and then I will gladly yield to the gentlewoman from Kansas.

I may say that the mortgagee may scale down the mortgage a little bit, but do you expect him to scale down his \$10,000 mortgage below \$10,000 when the farm is supposed to be worth that amount? He might scale it down 10 percent or 20 percent, but he is not going to scale down a \$10,000 mortgage on a \$10,000 farm to \$3,500. It would be poor business, and I have not seen any banker in the country or any insurance companies that have been so generous to the farmers in the past, and I do not believe they are going to be so generous to them in the future. It is impossible to conceive of a holder of any mortgage scaling down that mortgage to less than half of the value of the farm, because he would be foolish to do so, and I do not think there is much chance of that happening.

I now gladly yield to the gentlewoman from Kansas.

Mrs. McCARTHY. Is it not true that 19 different agricultural States have memorialized Congress to pass the Frazier bill?

Mr. BOILEAU. That is true, and I understand that within the last 2 days 2 more have come in, so there are 21 State legislatures that have memorialized the Congress to pass this Frazier bill, and I ask those of you who are from farming sections to remember this.

I want to say to you something that to my mind is more significant. At the present time there is a delegation here of 250 farmers from the leading farming States, particularly from the West, demanding farm relief, and I happened to be at a meeting the other night at which these men were in attendance, and the chairman asked that all those who were in favor of having this administration bill rather than nothing to please stand, and there was not a living soul among them who stood up; but every single one of them arose when the question was put that all who were opposed to the administration bill and would rather have nothing than have it should stand up. Every single one of them arose in response to that inquiry.

Mr. PARSONS. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. PARSONS. The gentleman stated a moment ago that the hearings show that these bonds must bear at least 4 percent and stated he did not think they could be sold without that high rate of interest. The Frazier bill, as I understand it, provides for an interest rate of one and a half percent as interest and one and a half percent as payment on the principal.

Mr. BOILEAU. Yes.

Mr. PARSONS. How, then, could the Frazier bill be put into operation if the bonds cannot be sold at less than 4 percent?

Mr. BOILEAU. That is the best part of it all. There will not be any bonds sold. The Federal Reserve Board will take these bonds and they will issue currency on the basis of the bonds and put the Federal Reserve notes into circulation. There will be no interest, no tax-exempt bonds, no United States Government guaranty of interest on 4-percent bonds. This means an expansion of the currency and the putting of more money in circulation.

Mrs. McCARTHY. Is it not true we are now on a suspended gold basis? In other words, we are on a paper standard, and what better paper security for an issue of currency can there be than farm mortgages?

Mr. BOILEAU. I thank the gentlewoman from Kansas for her very valuable suggestion.

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield the gentleman from Wisconsin 3 minutes.

Mr. BOILEAU. A year ago when we talked about expansion of currency many Members of the House would rise up and say that if something like that should happen we would

go off the gold standard and they would draw all the gold out of the United States. You have seen what happens when the United States Government decides it is not going to have the gold withdrawn from the country, and there is no danger of our going any farther off the gold standard than we are right now, and I insist we need not have any fear on that score.

Mr. FOCHT. Will the gentleman yield?

Mr. BOILEAU. I yield.

Mr. FOCHT. What will all this scaling down of bonds and all these complexities of refinancing amount to in the way of benefit to the farmer unless you provide a market for his product?

Mr. BOILEAU. I submit to the gentleman that at the present time the farmers in my district require about four times as much milk to pay off their debts as they did at the time they contracted these debts. If we cheapen the dollar and put more money in circulation, it will mean the farmer will get a higher price for his milk. It provides a basis for an increase of the commodity price level, and the other side of the scales is that when you cheapen the dollar you must necessarily increase commodity prices. This is the trouble in the country today. There is over \$250,000,000,000 of debts in the country, and these debts for the most part were contracted at a time when the dollar was cheap, and we are now trying to pay those debts off with dear dollars, and this just cannot be done.

Mr. FOCHT. If I may go farther, did the gentleman notice that the Rural New Yorker, which is a leader in agricultural thought, has a current editorial advocating the thought which I have just expressed—that we must find a market and give our attention to selling farm produce instead of talking about financing debts which we can never pay.

Mr. BOILEAU. I do not know what the Rural New Yorker said, but I want to give you this caution: There are 3,000,000 farmers in the United States who are willing to lay down their implements on May 3 unless you pass some legislation of this kind. Do not forget that this national holiday movement is well organized. There are 182,000 farmers in Wisconsin, and 115,000 out of the 182,000 belong to the holiday movement and have pledged themselves to lay down their instruments and not produce anything and not bring anything to market on the 3d of May of this year unless relief of this kind is given. Farmers in other States are similarly organized. They are all opposed to the pending measure, so far as I have been able to learn, and I am sure that those who have not expressed themselves in opposition to this administration bill will certainly do so at the first opportunity.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. WEIDEMAN. Is it not a fact that if you double the amount of money in circulation, you increase the price of goods and reduce the debt; whereas, if you divide your currency in circulation you decrease the price of goods and increase your debt, and is not that what is wrong now; and do we not need the expansion of currency provided in the Frazier bill to reduce debts and increase commodity prices?

Mr. BOILEAU. I think the gentleman has eloquently stated the matter in a very few words. That is the whole situation in a nutshell.

I hope you will remember the plight of the farmer and that those of you who have advocated an expansion of currency in one form or another will unite and get back of a bill and pass a bill that will provide for the issuance of currency and then later on we will work out something that will take care of providing a metallic base. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. HOIDALE].

Mr. HOIDALE. Mr. Chairman and members of the Committee, I have not addressed the Members of the House before, and I did not expect to address the House now. This is a surprise to me. I come, however, from an agricultural State, the State of Minnesota. I voted here today for



the rule that was proposed. I do not know that there is anything particularly wrong with that sort of a rule; it is the abuse of the rule that is wrong. As I have watched the proceedings of Congress in years gone by I have come to the conclusion that the Republicans enforced the rule for purposes of serving the Grundys of America, but we are invoking this rule for the purpose of serving the farmers and the common man. [Applause.] That is a proper use of the rule. When such a rule is invoked in an emergency for the purpose of serving the best interests of this country, then it is invoked for a proper purpose. But when it is invoked for the purpose of serving Grundys, it is invoked for an improper purpose.

The farmers have no patience to wait; they want action now, whether it is going to be by this bill or the Frazier bill, or some other bill. We want something done quickly, because men are losing their homes, not only on the farms but in the cities of the country.

Every hour of delay means more children out on the street without homes.

Mr. TERRELL. Will the gentleman yield?

Mr. HOIDALE. Yes.

Mr. TERRELL. I should like to ask the gentleman if he will vote for this bill in preference to the Frazier bill?

Mr. HOIDALE. I favor going along in the unbroken chain. I have started out to serve the administration in the hope that it would accomplish the breaking of this depression. The chain that has been worked out, I think, has been scientifically planned so that it will accomplish the desired purpose. I am willing to go along with the program and permit no break, such as would throw the whole plan into confusion. I am in hopes that the men who designed this structure, those who have made the plans, have so planned that we can go on and finish an edifice which, when completed, will be symmetrical on a foundation that may endure, for the benefit of all.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. HOIDALE. Yes; I yield.

Mr. ROGERS of Oklahoma. Will the gentleman mention the men who framed this program? Is the gentleman sure that he knows who framed the program?

Mr. HOIDALE. I am informed that the program has been made by the administration. If the gentleman from Oklahoma has any information as to who else did this planning, he should divulge it.

Mr. ROGERS of Oklahoma. I am asking the gentleman a question; who made it?

Mr. HOIDALE. I am assuming that the administration made it.

Mr. HOEPEL. Will the gentleman yield?

Mr. HOIDALE. I yield to the gentleman.

Mr. HOEPEL. Does the gentleman know whether the administration is in favor of fixing on the American farmers a higher rate of interest than they receive on the European war debts?

Mr. HOIDALE. The administration intends to borrow the money as cheaply as it can be obtained. It is not bound to pay 4 percent or any other rate of interest. It will go into the market and get the money as cheaply as may be possible.

Mr. JOHNSON of Minnesota. Will the gentleman vote to substitute the Frazier bill for this bill?

Mr. HOIDALE. I will decide that question when it is reached.

Mr. JOHNSON of Minnesota. I want the gentleman to answer now.

Mr. HOIDALE. The gentleman from Minnesota is not in a position to dictate to this gentleman from Minnesota who is now addressing the House. I will decide that question after having heard all the arguments and after due consideration.

The purpose of this bill is to help the farmer, and I believe it will go far in that direction.

Years of neglect and unfair treatment have placed the farmer at the bottom of the pit. He needs and must have help to get out. I am here to help him to the full extent of

my ability. It is only a question as to what is best to do. So many mistakes have been made in the past and so much abuse has been heaped upon agriculture that the country has in despair turned for leadership to a gallant champion of popular rights now in the White House. That leadership is established in the hearts of America's suffering multitudes. We believe in and we trust Roosevelt. To break the trust, to destroy the faith that our people have in that leadership, is to invite calamity.

With that confidence destroyed, where and to whom would we turn? Let us count the cost.

The administration is now engaged in forging, link by link, a chain long enough and strong enough to pull not only the farmer but all of us out of the ditch into which we have been dumped by those who have ruled in the past.

We are well on the way to that consummation. But if you weaken the chain, if you destroy the forward march of orderly and planned advance—and I say to you with all the earnestness I possess that if you now interrupt in any material way the program proposed you will have put in motion forces that destroy confidence—you will assassinate the trust and faith that now give us a sound basis for hope that a better day shall dawn. Are you willing to take the chance?

On this floor today has appeared evidence of a disposition to inject poison into the minds of the public. It may have been done unconsciously, but the effect is none the less real and destructive.

The gentleman from Oklahoma more than hinted that sinister influences are at work and in league with the President to harpoon the American people. This bill is placed upon this floor by trusted administration leaders in this body as an administration measure. The insinuation is now covertly made that the bill is in fact prepared by Wall Street, or some other selfish interest, for ulterior purposes. In the situation now existing in our distressed land this thrust into the side of a President, sorely beset by perplexing and perilous problems, calls for a rebuke from loyal and patriotic Members of this body.

And no less deserving of condemnation is the intimation made that the Members of the House are being held in line for the administration because the distribution of patronage is withheld. This is not only a false and unfounded reflection upon the Members, but nothing more unfair and untrue could be said about the President. Even the children of America understand that the President, and those who labor with him far into every night, has spent every waking hour in a determined effort to save us from a complete collapse. The administration has, in the interest of the common good, devoted its time to the orderly planning of legislative measures. In the meantime Republicans have continued to hold the offices. As grateful recompense for this self-sacrificing service, the Republicans are now charging that the President withholds patronage in order to employ delay as a weapon.

Fortunately for the President, he is not cast in the mold that employs methods such as attributed to him. In any event, let me remind the country that it is not necessary for the President to rely on patronage as a club. I realize that, to some extent, we must be partisans; but in this hour of agonizing trial and wide-spread distress let us at least be fair to the General who is leading the charge—a charge that we all should support until the hilltop is reached.

In closing, I want to say that there are Members of this House who have but a faint understanding of the farm problem and of the anguish and crushed hopes being suffered by our farm people.

Nothing cuts so deep and nothing hurts so much as the loss of a home that has been cherished as a haven of rest and a harbor of hope. Not only the farmer but the city dweller as well are having this cross thrust upon them.

To remedy the evil conditions that have put this blotch upon the fair face of our land, and to build in the place of these ruins of a grasping and greedy age, an enduring foundation of good will and good times is the purpose to which this administration and this Congress have dedicated themselves.



Mr. CLARKE of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman, I guess everyone in this House is really interested in the farmer. Yet the fact remains that when the roll was called today on the rule, the postmaster drew first money and the farmers second money. When you Democrats sat here and voted for that rule today you were voting to keep yourselves in good patronage standing. That is what you were doing, and you know it.

Mr. HOEPEL. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Not now. So far as the Frazier bill is concerned, my good friend BOILEAU, of Wisconsin, has high hopes and aspirations that he is going to have a vote in this House on the Frazier bill. My good friend BOILEAU, forget that. The cards have already been stacked against you. That is the reason the rule was passed. That is the reason this bill was brought in here under a rule which would not permit amendments. That rule was brought in so there could not be a vote on the Frazier bill, and why? Too many of the Democrats who voted for that rule have written letters back to their constituents promising to vote for the Frazier bill, and they did not dare permit a situation in this House where there was a roll call on the Frazier bill; so, Mr. BOILEAU, you are not going to have an opportunity to get that roll call.

Mr. BOILEAU. I appreciate what the gentleman says, but the gentleman will recall that I said I should make every effort in my power to bring that about.

Mr. McGUGIN. Let us get to the bill now under consideration. Since when has it reached the point where in a piece of farm legislation this House of Representatives is willing to say to the country that it is wholly incompetent to pass a decision as between this bill and the Frazier bill or any other amendment, for that matter? I rather think that some day and sometime even the embattled farmers back home are going to be able to learn enough about the rules of this House so that they will know that the Members who sat here today and voted for this rule then and there voted against the Frazier bill.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. CARPENTER of Kansas. Does the gentleman think the farmer back home cares a snap of his fingers about the rules of this House?

Mr. McGUGIN. It is going to be very important and necessary that the farmer learn to care, because it is when these rules are voted that the farmer is holding the sack. I rather think the farmer is going to find out. I understand that John Simpson, the head of the Farmers' Union, on his next national radio hook-up broadcast is going to say to the farmers of the United States, "Don't you pay any attention to those letters you are getting from your Congressmen as to whether or not they are in favor of the Frazier bill." I understand that he is going to ask them to write to him, and he is going to write back and tell them how every Member of Congress voted on the rule today, and if they voted "yes" on the rule, of course that is tantamount to a vote against the Frazier bill. I say that whether the Frazier bill is good or bad, this Congress ought to stand up and meet the issue.

Mr. LEE of Missouri. Mr. Chairman, I should like to interrogate the gentleman from Kansas.

Mr. McGUGIN. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. The gentleman has said that a man who voted for that rule voted against the Frazier bill. I voted for the rule and I am for the Frazier bill, and I am a Democrat. I voted for that rule because we have to have leadership, and we have to put through legislation—something the gentleman's party has not done in 12 years. [Applause and laughter.]

Mr. McGUGIN. If the gentleman from Missouri is for the Frazier bill, then let it be understood that when he voted "yea" on the rule, he voted to make it utterly impossible for him or any other Member of this House to vote for the Frazier bill.

Mr. LEE of Missouri. Oh, the gentleman is mistaken about that.

Mr. JONES. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. JONES. If the Frazier bill or any other bill is in order, even if we did not have this rule, then it is in order on a motion to recommit, and this rule does not preclude a motion to recommit if the motion to recommit is germane.

Mr. McGUGIN. Will the chairman of the committee now make a pledge to this House that when Mr. BOILEAU offers his motion to recommit and substitute the Frazier bill for this bill neither he nor any other member of the Agriculture Committee will make the point of order against it?

Mr. JONES. I do not wish to make any commitments for myself until the proposition is presented; and, of course, I have no authority to commit other Members.

Mr. McGUGIN. That is what I thought.

Mr. JONES. At the proper time I shall explain my position.

Mr. McGUGIN. I make this prediction, that when Mr. BOILEAU offers his amendment to recommit, to substitute the Frazier bill for this bill, someone high in the councils of the leadership of this House on the Democratic side will make the point of order, and that it will be sustained by a Democrat sitting in the Chair. Until the gentleman from Texas interrogated me, I really expected that he would be the gentleman who would make the point of order.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. McCORMACK. I was interested in what the gentleman said about this man Simpson apparently becoming a dictator for all the farmers. Does the gentleman approve of any man undertaking to put himself in that position in this country?

Mr. McGUGIN. Oh, I cannot recognize a dictatorship.

Mr. McCORMACK. Does the gentleman approve of his policy if he intends to carry that policy out? I have not a farmer in my district. A man who undertakes to follow that policy is a public menace.

Mr. McGUGIN. If he is, then it is a menace to government for the people back home to find out how we vote and the true import and meaning of our votes.

Mr. RAGON. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. RAGON. I did not understand the gentleman to say that he spoke authoritatively for Mr. SIMPSON. I think the gentleman's expression rather bore out the suggestion of the gentleman from Massachusetts [Mr. McCORMACK]. He sort of held it as a threat.

Mr. McGUGIN. No. I will say I do not know whether he is or not, but I think he would be entirely justified in doing it, because the people of this country have a right to know who voted for this rule and what is the consequence of their vote.

Mr. RAGON. Personally, I do not have any objection to the people's knowing how I voted on it at all, but I should like to know when the Frazier bill was first suggested.

Mr. McGUGIN. First suggested here?

Mr. RAGON. Yes; in Congress—in either body.

Mr. McGUGIN. The bill has been in existence for 2 years.

Mr. RAGON. I should like to ask the gentleman, before he inveighs against the Democratic side of the House, why his party did not bring out a rule on that bill 2 years ago when it first came here?

Mr. McGUGIN. My party has not been in control of this House during that time.

Mr. RAGON. They were 2 years ago.

Mr. McGUGIN. Well, I mean during the last two sessions.

Mr. RAGON. But the gentleman knows the Senate was in control of the Republicans until 2 months ago.

Mr. McGUGIN. The gentleman's party has been in control of this House since December 1, 1931.



Mr. RAGON. But the gentleman knows his party was in control of the Senate. Why did the bill not pass in the Senate? You also had a man in the White House.

Mr. McGUGIN. I am not responsible for the leadership in the Senate, and I do not know that the Republican Party has been in control of the Senate for a great many years either.

Mr. RAGON. Well, it has been Republican in profession, in any event.

Mr. BOILEAU. The Frazier bill was first introduced in the House of Representatives in the Seventy-second Congress.

Mr. McGUGIN. Now I want to discuss this bill, if I may.

The mortgages of this country are divided up so that the Federal land banks hold 12 percent of them and the joint-stock land banks hold 7 percent. If I can read and understand this bill—and if I cannot understand it that is not really a reflection upon me, because I am not so certain that a Philadelphia lawyer can understand it, and it will be interesting when the farmers over the country try to obtain relief under this bill—it gives some direct relief to the farmer whose land is mortgaged to the Federal land bank.

To that man, whose farm is mortgaged to the Federal land bank, if I read the bill correctly, this is the relief which he receives: His interest rate is cut to  $4\frac{1}{2}$  percent and he is in a position to obtain virtually a 5-year moratorium. Under the present circumstances that is an improvement and is substantial relief.

The CHAIRMAN. The time of the gentleman from Kansas [Mr. McGUGIN] has expired.

Mr. CLARKE of New York. Mr. Chairman, I yield 5 additional minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. That is substantial relief to the man who owes the Federal land bank. The man who owes the joint-stock land banks, if I read the bill correctly, will receive the following relief: He is assured that his interest will not be in excess of 5 percent, and he has a 2-year moratorium, provided the joint-stock land bank chooses to borrow any money from the Reconstruction Finance Corporation. Now, if you go beyond that I cannot see wherein any farmer receives any measurable relief from this bill. I think this bill will give relief to 19 percent of the mortgagors of the country. The man who owes the insurance company or the individual or some other agency, if he receives any relief, he must receive it under the section which provides that the holders of mortgages can turn their mortgages in and receive in lieu thereof these 4 percent bonds of the Federal land banks; but the limitation is 50 percent of the value of the real estate, 20 percent of the value of the improvements. If you put that into actual operation, there will not be a single mortgage turned over to the Federal land banks by any holder of a mortgage, except where the farm is not worth the mortgage and the farmer has nothing to be protected.

The only exception there can be to that is if these open rebellions out in the farming country go on, and by force of arms they are unable to foreclose, perhaps then the holders of the mortgages will be glad to trade their mortgages for Federal land-bank bonds. The truth of the thing is, the very enactment of this bill will be the moving force for rebellions such as we have not yet seen in the farming sections against foreclosures, because that will be about the only way you will ever get a mortgage holder to turn in his good mortgage for bonds and only receive 50 percent of the value of the land for his mortgage. Otherwise he will retain his mortgage.

Mr. TRUAX. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. TRUAX. What percentage of American farms today are worth the mortgages that are on them?

Mr. McGUGIN. Oh, that is a question, of course, that I cannot answer. I doubt if anyone this side of heaven can answer it. It may be the Lord can answer it. I cannot.

I am going to vote for this bill because I am not going to be in the position of saying that I will not give some relief

to the 19 percent. Just because a bill has been brought in here which does not give substantial relief to 81 percent, and further because this bill is here under a rule which will not permit any amendment which will give relief to 81 percent, I am not going to stand here and vote against giving some relief to 19 percent.

The principal virtue I can see to this bill is that with the enactment of it, and with the failure that is sure to come, perhaps then with another failure we will at last come around to the point where the Congress will enact some legislation that will be uniform in its benefits, and benefit alike every property owner in the United States, whether farm or city, namely, reduce the value of the dollar that pays the debts. I choose to do it through the program advocated by the committee for the Nation which means a reduction in the gold content of the gold dollar. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts [Mr. TINKHAM].

Mr. TINKHAM. Mr. Chairman, I ask unanimous consent to insert in the RECORD a statement which I released to the press several days ago in relation to the arms embargo which is coming up for consideration next Thursday.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, the present administration apparently wishes war in Asia with Japan, as its proposed policy leads only in that direction.

It has sent to Congress a resolution demanding that the President be given the right to declare an embargo against the shipment of arms or munitions of war to any country in the world he may elect.

This resolution is at this time aimed particularly at Japan and indicates that the present administration has adopted the whole foreign policy of the last administration, which was completely dominated by the British Foreign Office and alien interests. This foreign office and these alien interests have constantly and persistently sought to have the United States abandon for all times its traditional and salutary policy of neutrality.

Impartiality is the keynote of neutrality. An arms embargo violates neutrality, and in international law the country against which the embargo is placed can regard it as an unfriendly and hostile act and as a cause of war.

If an embargo were placed against Japan, Japan would have the right in international law to take measures of reprisals, which might involve the seizure of American ships, the occupation of the Philippines, and ultimately even the engagement of the American Fleet if it came within any region which Japan desired to conquer or to protect; in fact, the making of war.

It has been disclosed (1) that the British Foreign Office has taken up the question of an arms embargo against Japan with the Department of State; (2) that the committee of the League of Nations which is proceeding against Japan has taken up the question of an arms embargo against Japan with the Department of State. This committee of the League is considering the enforcement of article 16 of the Covenant of the League of Nations, which is the war article of the League. Among other things, this article makes provision for determining "what effective military, naval, or air forces the members of the League shall severally contribute for the armed forces to be used to protect the covenants of the League."

It was particularly article 16 of the Covenant of the League, its war clause, together with article 10, which guarantees the territory of the League members, which kept the United States out of the League. For the United States now to take part in the enforcement of article 10 or article 16 would be national dementia.

There is even more than this to the proposal. It takes away from Congress the power to impose an embargo. It gives the President the power to decide which nation is an aggressor nation. It makes the President a judge of foreign disputes. This means that the President can declare war.



In effect, Congress abdicates its power to declare war, the greatest of its powers for the protection of the welfare of the American people. Parliamentary government becomes a mere form. We have in reality a dictator.

The American people will not tolerate a dictator or fatuous policies like those adopted before the last European war—policies said to be policies of peace whereas they lead inevitably to war.

Mr. JONES. Mr. Chairman, I yield myself 3 minutes simply to make an explanation.

The gentleman from Kansas has been here long enough to know that his statement about the situation is wholly inaccurate. The adoption of this bill which will further a program which has been long delayed will not preclude the consideration of the Frazier bill or any other bill that is germane. If it might be offered as an amendment if we had no rule, it could certainly be offered on a motion to recommit.

The farmers are not as foolish as some people seem to think. Three members of the group to which the gentleman from Kansas referred and to which the gentleman from Wisconsin referred appeared before our committee. I talked to them after the hearings. They said they wanted the Frazier bill because they had been told it did certain things, but each one of them said, and said fairly, that he did not care whether it was the Frazier bill or some other bill as long as there was a proper expansion of the currency.

Order is Heaven's first law. What peculiar charm is there in having one wing of a program in a special bill? If this bill goes into effect and the other essential steps are taken, we will accomplish something for the country and accomplish it in an orderly way. [Applause.]

[Here the gavel fell.]

Mr. CLARKE of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, I may say in reply to the statement made by the distinguished gentleman from Texas that the Committee on Agriculture has no jurisdiction over matters or bills relating to the expansion of the currency or the issuance of currency, that the Committee on Agriculture ordinarily has no jurisdiction over bond issues, either. This bill, the administration bill, is one which provides for the issuance of farm-loan bonds. The Frazier bill contains a similar provision except it requires that these bonds shall be placed with the Federal Reserve System as security for the issuance of currency. I submit if this committee has jurisdiction over the issuance of bonds it is not a very bad stretching of the imagination to assume it might have jurisdiction of some other method of financing.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Certainly.

Mr. MILLARD. Was not a banking and currency bill sent to the Committee on Agriculture the other day?

Mr. BOILEAU. This is the bill to which the gentleman refers. Many Members of the House were of the opinion that properly it should have been referred to the Committee on Banking and Currency. I voted to send it to the Committee on Agriculture because I believed the refinancing of farm loans was primarily an agricultural proposition.

Nothing was said in the President's message about additional revenue. The message in referring to the matter merely styled it the refinancing of farm-mortgage indebtedness. It did not say whether it should be done through the issuance of bonds or currency. The message was by this House sent to the Committee on Agriculture.

[Here the gavel fell.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, I voted yea on this rule and I shall vote for the Frazier bill or any similar measure the moment that it is introduced on the floor of this House. I resent the accusation that any farm leader or any Member of this House can go back to my constituency in Ohio and say that my yea vote on this rule is a nay vote on the Frazier bill.

What we need in this country today is action and not words. The farmers of this country want relief and they want this relief now from the money lenders and Shylocks of this twentieth century.

I say to you that every time the sun rises and sets, 3,000 farmers and home owners are having their homes taken away by the money lenders, the insurance companies, the private money lenders, and the joint-stock land banks. They are in mortal fear of that mortgage. The word "mortgage", taken from the two French words "mort", meaning death, and "gage", meaning hand, means the hand of death that is strangling and taking the lifeblood out of them day by day.

I tell you men of this House that back in Ohio our farmers are paying 5½ and 6 and 7 and 8 percent on their mortgage loans, and the enactment of this bill will be a godsend and a savior to these people.

For 12 long years there have been attempts to agree on farm relief bills in this House, and each successive attempt has been abortive and costly to the taxpayers. There is not a man among you who is more opposed to increasing the stranglehold that the banking interests of this country have upon this people. There is none of you more opposed to the issuance of more bonds to restore the power of this discredited group and to place them once again upon their thrones of ill-gotten wealth; but it is not a question of what you want individually, it is not a question of what I desire individually. The question is, What bill can we pass, what measure of relief can we give these people who each night go to sleep with the fear that the next day will be their last upon their old farmstead?

So the question is, On which side will you be, upon the side of these grasping, marauding money lenders who relentlessly demand their pound of flesh, or will you be upon the side of the people who made this great Nation of ours?

I say to you that as for my efforts I propose to be on the side of the tillers of the soil. I say that instead of affording relief to 19 percent, this bill will afford relief to 50 percent. There are three and a quarter million American farmers who are looking today to this House and to the Senate to save them from the strangle hold of these modern Shylocks. [Applause.]

Fundamentally I am opposed to the principle of this bill since all such bond issues only place more power and more wealth in the hands of the discredited bankers, and less in the hands of the Government, which means less in the hands and pockets of all the people who are the Government. However, this is a plan that has been approved and submitted by the President of the United States. He expects Congress to enact this bill into law. Congress should and will enact it into law because it is a part of the President's emergency legislative program, because it offers immediate hope to 3,000,000 farmers who are at the mercy of the money lenders, and because it will reduce farm-mortgage interest rates from an average of 6 percent to 4½ percent, and finally because it insures salvation and peace of mind for these worthy people who stand face to face with the grim specter of foreclosure, bankruptcy, and the poorhouse.

In my judgment it is high time that Congress correct the monstrous injustice done the Government, and hence its people, during all of these years in permitting the bankers of the country to usurp and annex the constitutional right vested in Congress, the Representatives of the people, to print, issue, and circulate the currency of the United States of America. Yet, despite the loathing that further exploitation by the bankers inspires, I expect to vote for this bill.

The people have demanded a new deal. They expected that new deal to apply a stricter supervision of banking and the flotation of securities. They demand a complete separation of commercial and investment banking; they demand that the power and authority to issue and circulate money be taken away from the bankers and restored to the Government where it belongs. The people are opposed to bonding the country into years of burdensome debt to restore to power and throne of slimy gold the discredited, repudi-



ated, tottering money kings of Wall Street. The people thought they had clipped forever the claws and beaks of these vulgar buzzards of crooked finance. Notwithstanding the fact that I personally favor the refinancing of all farm mortgages at 3 percent interest by an expansion of the currency, I shall support this bill 100 percent, because the President believes in it, the people believe in him, and he has faith in our loyalty to him and the people to hold up his hands in any and all measures that he may present to this House.

Out of iron-shod despotism, out of slavery and servitude, justice, temporarily crushed to earth, inevitably rises again. One of the inextinguishable woes, one of the gaping wounds that led to political revolution last November, was the arrogance, the impudence, the greed, selfishness, and lust of a government of, by, and for the bankers. The revolution was fought and won. But the wound is unhealed. Today it is a festering sore, and if not cured soon will become a malignant cancer, whose creeping tentacles will not only destroy again their own institutions but the Government as well. Let us hope and pray that this courageous man in the White House, this Mayo in curing the ills of suffering humanity, will throttle once and for all time the evil, sinister influence of these captains of crooked finance, so aptly described on the floor of this House some time ago as "robbers of widows and orphans."

Even now these powerful banking groups, with the most insidious lobby of all—a lobby that has opposed farm relief, soldiers' bonus, veterans' disability allowance, mortgage moratoriums, and now the 6-hour day—brazenly attempt to dictate the terms of the President's bank deposit guaranty bill for their own selfishness and greed. I have here a letter from one of the big city bankers of Ohio, in which he says:

The Glass bill, proposing to insure bank deposits, will prohibit the payment of interest on demand deposits. However, nothing is indicated as to establishing a maximum interest allowance on time and savings deposits. This appears to myself and other banker friends as being absolutely essential.

The insurance of deposits, as you will readily see, removes any prestige of one bank over another in the solicitation of banking business, and due to this fact the Government should not allow in the proposed bill an opportunity for certain unethical bankers to solicit favorable business on a basis of payment of unsound interest rates on such funds which unethical procedure has in the past contributed in a large way.

Assuming that such a bill passes and becomes law, it is our opinion further necessary that postal savings be disbanded.

Who are the ethical bankers? Who are the sound bankers? Who are the honest bankers? Who are the safe bankers? What are sound interest rates?

Money cannot be loaned back into circulation, because of a lack of security under the present deflation. Nobody wants to borrow money to start in business with falling prices. The plutocratic city press oppose all inflation or expansion of the currency. If this policy is adopted, we can expect nothing else but confiscation, with its disastrous effects. Money should be fed into circulation by paying soldiers' claims in full legal tender—United States notes (prosperity notes)—and the same should be printed to balance the Budget and to refinance farm and home loans. Money should be loaned to farmers at not more than 3 per cent and the old robber mortgages destroyed.

Let us heed the warnings of our most illustrious statesmen:

I believe that the banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people to whom it belongs. Let the banks exist but let them bank on Treasury notes. (Thomas Jefferson.)

If Congress has the right under the Constitution to issue paper money, it was given it to be used by itself, not delegated to individuals or corporations. (Andrew Jackson.)

If a government contracted a debt with a certain amount of money in circulation and then contracted the money volume before the debt is paid, it is the most heinous crime that a government could commit against the people. (Abraham Lincoln.)

James Eckles, Controller of the Currency under Grover Cleveland, said:

We bankers do not propose to let business have money to carry on until we first get our rake-off. (Taken from the Dearborn Independent, Feb. 9, 1924.)

As Germany loosed the fetters which had bound her for decades to Prussian terrorism and Kaiserism, as Russia cast off the shackles of a despotism worse than slavery, let the United States of America rise up in her wrath and fury and haul down the black flag of the Wall Street money kings and money lenders. Let this Congress heed these warnings and apply the remedy. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. PIERCE].

Mr. PIERCE. Mr. Chairman, a few days ago we passed the farm allotment bill, intended to raise farm prices. This bill for relief on farm indebtedness is predicated on the assumption that the prices have been or will be greatly increased. Realization of that hope is too doubtful to be made a basis for a far-reaching law, rewriting millions of dollars in farm mortgages. The allotment bill was admittedly an experiment and a beginning. The supplementary legislation on farm financing was most eagerly awaited. Deep will be the disappointment in many a farm home when the terms of this proposed law are known.

The producers of the food of this country have been led to believe that they would be able to renew their mortgages at a much lower interest rate than that here provided. Interest has wrecked the farmer—usury, protected by legislative acts. It simply cannot be paid in such quantities. He must be put in a position to rent the use of money on terms which have some relation to other values. For more than a century the farmers of America have been the most patient producers of interest in the largest quantities ever known. Interest and the attempt to fix dividends for owners of public utilities have been among the major causes of the present debacle.

The farmer knows that he can give his note to a bank and the bank can take that note to the Federal Reserve and get Federal Reserve notes which will circulate as money. He cannot understand why he may not take his own note, backed by a mortgage on land, through his own organization, to that same Federal Reserve and get Federal Reserve notes which can be used to pay his debts and purchase the articles he needs. The Frazier bill, which makes such provision, meets with his approval.

In my own State of Oregon in many communities the banks have failed and the communities are issuing their own medium of exchange—printed on sheepskin, on wooden blocks, and paper—in an effort to substitute for a neglected function of government.

The farmers recognize that they are permanently outnumbered by the cities and that this trend toward centralization of population has placed them at a great disadvantage in legislative bodies. This bill well illustrates the tendency of such bodies to designate as "farm relief" a measure which is not acceptable to the farming population and is accepted only because the farmer is politically helpless.

The bill is in large part a bondholder's bill, of far more benefit to the mortgagee than the mortgagor. The rate of 4½ percent interest is unreasonably high. It cannot be paid unless there is a rapid advance in price of farm commodities. The prices of farm products are today about one third of what they were when the loans now to be renewed were made. It does seem, in all justice, that the money lender should assume part of the loss.

If the farmer could have had 2 percent for even 2 years it would have been a great encouragement to him. Just think what a benefit the fall in prices has been to the holder of mortgages if he can collect his interest and principal! Wallace's Farmer editorially, March 4, 1933, calls attention to the Grange finding that 4½ percent today is equal to 13½ percent on money loaned in 1925. There is no honest reason why all the enhanced value of the dollar should inure to the advantage of those who lend the money.

The Federal land banks and joint-stock land banks should have been compelled to pass on to the mortgagor part of the benefits that they will receive by reason of the enactment of the law. Lower interest rates should have been provided.



Land debts should have been scaled down. Decrees of foreclosures should have been legally allowed only when the mortgagees were willing to reduce the amount of judgments in proportion to the fall of commodity prices.

It is said this would nullify the sacredness of contracts. We farmers suggest equalization through taxation of the excess amount. Under the terms of this bill there may be some scaling down, but it is all voluntary upon the part of the mortgagee. Shylock can still exact his pound of flesh. There is no mercy to the borrower that the lender is compelled to extend. It is safe to say that on good loans on the best land there will be no scaling down of debts. When the security is doubtful and the risk is considered bad, then, of course, the banks may offer to scale down.

The debtor's situation in the matter of scaling down of debt is not improved by this bill.

Under section 301 loans on first and second mortgages may be made by the land banks up to \$300,000,000. This is a very risky procedure and it is likely that most of the loans made under this section will be lost. A second mortgage is always a bad risk, especially at 75 percent of appraised value. The holder of the first mortgage should have been obliged to give the Government a first lien and to subordinate his lien to second place. By the provisions of the bill the Government virtually guarantees the first mortgage. Should the mortgagee not be able to pay the first mortgage, then the Government must protect the mortgagor or lose its lien. It will be to the interest of every holder of a doubtful mortgage to induce the mortgagor to secure a second loan from the Government, thereby making his loan that much more secure. [Applause.]

Mrs. McCARTHY. Will the gentleman yield?

Mr. PIERCE. I yield.

Mrs. McCARTHY. I believe the statement was made that the Frazier bill was not before the Committee on Agriculture. Is it not true that the bill (H.R. 2855) introduced by the gentleman from North Dakota [Mr. LEMKE] was introduced on March 10 and referred to the Committee on Agriculture, and is not that bill identical with the Frazier bill?

Mr. PIERCE. I think it was not referred to the Committee on Agriculture.

Mrs. McCARTHY. I have the printed bill before me.

Mr. PIERCE. I think the gentleman wanted it to go to the Committee on Agriculture, but it went to the Banking and Currency Committee.

The bonds to be issued are virtually Government bonds. It is true that the interest only is guaranteed by the Government, but that is in perpetuity. It is a well-known fact that debts are seldom paid, they are just renewed. A bond carrying the Government guaranty of interest forever is, in effect, a Government obligation. All the bondholder wants is his interest and tax exemption.

The liquidation of the joint-stock land banks is, perhaps, necessary, but they are certainly receiving an immense advantage in this bill—a loan of \$100,000,000 cash from the Federal Treasury at this time will enable these banks to take many dollars in profit that they should pass on to those who gave the original farm mortgages. A loan of 75 percent of appraised value is really a sale of the property. In most cases the appraised value of a farm is at least 25 percent higher than cash value. Farms have today practically no cash value, and they will not have any until the prices of farm products advance materially.

This bill provides for 2,000 million dollars. It would give \$2,000 each to 1,000,000 farmers. The money would go far to restore agriculture, if it were used in a different way.

Mr. McFARLANE. Will the gentleman explain what effect this bill is going to have on the holders of stock in the joint-stock land banks?

Mr. PIERCE. I do not think there is any question about it—they are liable to assessments of 100 percent on the stock. They got a hundred million out of the Treasury, and this will undoubtedly enable them to buy up a large quantity of bonds selling at a discount.

Mr. McFARLANE. And the stock is only worth 30 or 40 percent.

Mr. PIERCE. The stock is not worth anything, but the bonds are worth about 30 cents on the dollar, although some of the banks are in the hands of receivers.

Mr. PATMAN. Does the gentleman mean that they will be enabled to purchase bonds at 30 cents on the dollar and hold them for 100 cents on the dollar?

Mr. PIERCE. I know banks that hold options on them.

Mr. PATMAN. They will get the Government money and not give the farmers the benefit of it.

Mr. PIERCE. I do not think there is any doubt about it.

Most of the farmers have lost their life's savings raising and selling hogs, cattle, sheep, cotton, corn, and wheat at less than the cost of production. Should the holders of securities take over the farms and villages under their liens, they will find they will have little value as taxes and upkeep will absorb rent value. It is ridiculous to think prosperity can be brought back by giving farmers  $4\frac{1}{2}$  percent interest.

The farmer has ruined himself, his banker, his merchant, and his community trying to pay an average of  $5\frac{1}{2}$  percent. Can anyone believe that a reduction of 1 percent annually is going to save him? It will take more than this to keep the American farmer from tenantry and peasantry.

We are living in the age of repudiation brought on by no act of those who are obliged to do the repudiating. Our present economic despair is the result of man-made laws that have granted most of the bountiful things of this marvelous civilization to the favored few.

Notwithstanding all the faults of this bill, I shall vote for it. It provides a very thin slice of bread when the farmer expected a whole loaf. It does provide a breathing spell. The hand of foreclosure will be stayed.

When this bill becomes a law many a farmer will have time to collect his scattered resources. In the meantime he will have a roof for himself and his dependents. He can raise much of his own food. For a short time he can keep out of the bread line. It is the best and probably the only law that can be passed at this time.

In the rapidly moving events of this wonderful century, 2 years is quite an extension of time. The farmer must take what amounts to a pauper's oath to secure that extension. Other lending agencies will be affected by this legislation and become more lenient. In fact, in the Pacific Northwest it is freely stated that the insurance companies are more lenient with the borrowers than are the Federal land banks.

All legislation is largely a matter of compromise, and this seems to be the best now obtainable. It must be followed by far more sweeping and effective laws giving to the farmer lower interest rates and lower freight rates. There must be a far more equitable division of the rewards of human effort. [Applause.]

Mr. CLARKE of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman and members of the Committee, I suppose I ought to make the same confession that everybody here can honestly make after hearing the lengthy discussion on this matter, pro and con. I presume we are all going to be in the same position of the judge down in Missouri who, while officially sitting on the bench, was imbibing a little from a bottle of Missouri corn. Along about 4 o'clock in the afternoon he came out of the courthouse and started to throw the saddle onto his horse. He threw the saddle on backwards. There was a young attorney standing there, and he said, "Judge, I think you have that saddle on backwards." The judge looked at him and said, "Young man, how in the devil do you know in what direction I am going?" [Laughter] After we hear 8 hours of discussion on this bill we shall be in the same position as the judge—not know in which direction we are going.

Now, I want to make a confession. I am not a dirt farmer. I was raised on a paved street, and my diet was orange juice and calories. I do not want to represent myself to the members of this Committee that I am a practical dirt farmer. I am not going to be like the gentleman down in Kansas who was a candidate for Congress.

He told his constituents that he was a farmer, that he knew all about it, that he could do everything that was done



on a farm, and all that sort of thing. While he was in the midst of his peroration a little boy got up and said, "Mister, did you ever lay an egg?" Now, when you represent yourself as a dirt farmer it might develop some embarrassment.

But whether I am a dirt farmer or not, and whether the Members of this House are dirt farmers or not, we can all appreciate the plain, uncontrovertible arithmetic of the following illustration: If I have 160 acres of land in Illinois and set aside 40 acres for pasture and then seed 80 acres in corn that raises 60 bushels to the acre at 16 cents a bushel, and 20 acres in oats that raises 60 bushels to the acre at 9 cents per bushel—

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Not now.

Mr. DOBBINS. I want to call the gentleman's attention to the fact that since Mr. Roosevelt became President the price of corn has doubled.

Mr. GILCHRIST. But does the gentleman know that corn dropped  $3\frac{1}{2}$  cents last Friday?

Mr. DIRKSEN. It is true that the price of corn has raised some, but not sufficiently to destroy the illustration that I have in mind. If out of the 160 acres I also plant 20 acres in wheat at 35 or 40 cents per bushel, you will find that the income from the 160-acre farm that at one time was worth \$250 an acre is but \$1,200. Now strike off \$1.50 or more per acre for taxation and \$250 for seed, and then strike off for the mortgage that may exist on that farm; you will find that many Illinois farmers do not have the wherewithal to live, they have not sufficient money with which to pay the interest or retire any installment on the principal of that mortgage. That in a sense represents the condition that we are in out in Illinois at the present time. Someone asks how acute the problem is. I shall tell you. The Federal land banks on the 31st of December 1932 had 19,618 farms that they could say were theirs. The joint-stock land banks had 6,406 farms to which they had title. Then the 20 leading life-insurance companies of America had title to 22,000 farms. There is a total of 48,024 farms which became the property of the mortgagees, and that indicates in a sense how acute the condition is at the present time. Then, the incidental problem which goes with it is this.

It is represented in the millions of dollars of bonds that have been sold to people, who thought that a farm-mortgage bond was a gilt-edge security, something that really was worth while. These people are now suffering and in distress, because they cannot collect either the principal or the interest which is due them on these bonds. The farm distress, therefore, not only affects the country, but it affects the people in the municipalities all over America, as well. What is the reason for this distress? Precisely what I pointed out a moment ago—ruinous prices for agricultural commodities. What relief can be afforded? Either raise prices or lower the fixed charges against the farmer as is proposed in this bill. There are, however, some items in this bill that require mending. One in particular relates to joint-stock land banks, which, by the terms of this bill, are to be liquidated.

I want to fall in line with what the gentlemen here had to say about the joint-stock land banks. The fact is that on the 31st of December 1932 the joint-stock land banks had outstanding, in round numbers, \$459,000,000 in mortgages and \$427,000,000 in bonds. The net worth of the mortgages owned by the joint-stock land banks over the bonds issued by the joint-stock land banks was approximately \$31,000,000. Under the terms of this bill, what is to prevent them from going to the Reconstruction Finance Corporation, taking a portion of the \$100,000,000 that will be made available to them, and purchasing some of the bonds outstanding, so that ultimately they will have a mortgage set-up or a capital-structure set-up, without any outstanding indebtedness in the form of bonds?

The question was raised here as to what the quotations on the bonds are. Here is a quotation that comes from La Salle Street in Chicago, dated the 15th of March 1933. In Chicago those bonds are selling for 16, and in the defunct land bank in Minnesota they are selling for 7. The price

range for all of these bonds issued by the 46 different banks runs from 7 to 60, and in most cases it is around 25 and 30. So that with the \$100,000,000 made available under this bill to the joint-stock land banks it will invite and encourage speculation and make it possible for these banks to buy back their bonds and keep their mortgage structure intact, and thereby enrich the holders of the stock. Under such conditions, where does the poor farmer get off? He gets no particular benefit, provided his mortgage is being held by one of these banks.

While I should like to see some amendments incorporated in this bill, I am not insensible to the need for immediate action in behalf of the millions of distressed farmers of the Nation, and I therefore believe that I can follow the rest of the gentlemen who have talked here this afternoon and say that I am going to vote for this bill in the hope that it will do some good. I am afraid, however, that the section which relates to the orderly liquidation of joint-stock land banks will probably encourage speculation so far as joint-stock land bank bonds are concerned, and in that proportion diminish the benefit that might ultimately accrue to the American farmer. [Applause.]

Mr. JONES. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HEALEY].

Mr. HEALEY. Mr. Chairman and members of the Committee, the district I represent in Congress has not a single farm in it and I do not know of a farmer who resides there. However, I am going to support this legislation, because I realize the sad predicament of the farmer. But I wish to call attention to a like situation confronting the home owner in our urban districts and the concomitant situation of the municipality in which he resides. This farm-mortgage assistance is but one chapter in the whole comprehensive plan, and it is but one step in the rehabilitation of home owners, urban and rural. Throughout these days of emergency legislation we have all had constantly before us the critical situation of the small-home owner and have been awaiting the day when we could have legislation designed to deal, swiftly and directly, with his immediate problems.

I am sure that we are all happily and agreeably gratified by the press notices of April 9 which assure us that our great President, struggling with the almost insoluble problems thrust upon him as a resultant outgrowth of this depression, in his wisdom and far-reaching vision, has brought forth a plan for the relief of the urban-home owner.

Briefly, this plan, according to press notices, is as follows: it is similar to the farm-mortgage relief plan. A corporation would be established to handle home mortgages with funds supplied by a \$2,000,000,000 bond issue. This corporation will entertain applications for relief from small-home owners unable to meet their payments, either in principal or interest, and where the holders of mortgages are threatening foreclosure. The corporation will propose to the holder of the mortgage that it take over the mortgage from him at a proportional figure—which figure is yet to be determined. In exchange for his mortgage, the mortgage holder will receive a bond of the corporation in the amount of the revised mortgage, bearing interest at 4 percent, which interest will be guaranteed by the Government. It is believed that mortgage holders generally will be happy to liquidate their dubious mortgages at a considerable sacrifice rather than face the possibility of having the property thrown back on their hands. The reductions in principal effected will be passed on to the home owner and he will be given a moratorium of 3 years in which he will not be asked to reduce the principal but, of course, he must meet the interest payments. The amount of interest to be charged the mortgagee by the corporation has not as yet been settled, but it is predicted that it will be higher than the 4 percent paid by the corporation. This legislation, now in the process of formation, would differ from the farm plan in that it would cover only existing debts and would not be used for new finances. It is the President's aim, of course, to have the lowest possible rate of interest charged.

Such legislation will extend to the home owner sorely needed relief, and it is my hope that it will be enacted into law as swiftly as possible. But, in my opinion, it deals



with but one part of the problem. There still remains the delinquent-tax situation, which is imminent and which affects both the taxpayer and the structure of his local government.

Over 1,000 municipalities throughout the country (leaving only 7 States unaffected) are in default on municipal bonds. Two thousand more municipalities are facing default within the next year. In a circular received from the mayor of Coral Gables, Fla., the situation is epitomized in the following words:

Municipal default immediately starts a vicious circle of further and progressive impairment in market values (and, necessarily, in values for the purposes of taxation) of real estate in the defaulting community; stagnation and extinction of equities through continuing depreciation; a renewal of the flood of foreclosures; distressed owners, apprehensive of confiscatory taxation, "dumping" their holdings; concentration of ownership of real estate in the hands of mortgagees, and further competitive price-cutting, driving down the price level, and the elimination of the small-home owner. The result would be steadily decreasing property values, progressive attrition of the means of property owners; tremendous impairment in tax collectibility and in the security of the bondholder.

Many of our cities today have tax deficiencies as high as 40 and 50 percent and predictions are made that, by next year, unless a remedy is provided, the astounding proportions of from 60 to 80 percent may be reached. Taxes have increased to unthought-of figures and the strange anomaly has been presented of assessments generally increasing while real-estate values have been in decline (in many cases they have fallen to one half their values in 1928 or 1929). In my State of Massachusetts, in the last 10 years, taxes paid locally on real estate and tangible personal property have increased from 122 million to 205 million dollars. The cost of public welfare in Massachusetts has gone from \$5,000,000 in 1930 to \$30,000,000 in 1932.

Real-estate holdings are the true mainstay and backbone of municipal revenue. Today, in Massachusetts, real estate and other tangible personal property is paying about two thirds of all the taxes, although, in total, it makes up only one sixth of all the wealth in that State. In short, on the one hand, the income of the home owner has been tremendously reduced by declining wages and unemployment, and the value of his property has decreased; and, on the other hand, his assessments have not decreased, his tax rate has greatly increased, and the burden of taxation borne by him has increased by over 67 percent in the past decade. Such a condition can have no other effect than to work speedy and certain disaster on this class of people and, correlatively, upon the municipalities in which they reside, unless measures of relief are rapidly adopted.

The fate of the small-home owner is integrally related with the existence of the community. Present conditions have made inevitable a tremendous number of defaults in the payment of taxes. According to the figures of the Federal Home Loan Bank Board, real-estate foreclosures during 1932 were 274.9 percent higher than in 1926. And this figure bids fair to be even larger this year. As other sources of city income dry up, more and more of the burden of taxation is shifted onto the shoulders of the home owner. The condition of the city treasury is quickly affected when the income of the home owner is diminished. These home owners represent the blood stream of the community. Permit an embolism to occur in this blood stream and the very existence of the community is jeopardized.

In 1895 Nathan Matthews, then mayor of Boston, delivered a valedictory address in which he prophetically stated that the object of a municipality—

is not to make a pecuniary profit for its members, but to provide for their safety, health, and comfort, their education and pleasure, to relieve their poor and help their sick, and generally to do things that no business corporation was ever chartered to accomplish.

In this time of great distress and adversity it is absolutely essential that these communities go on performing their functions lest the hundreds of thousands who are now in need and want should be abandoned into a condition of utter desperation. Yet the burden of such service has been increased to such a staggering total that the existence of the com-

munity undertaking it is menaced unless the firm, helping hand of the Federal Government is extended to assist it.

This Nation owes its greatness to that sturdy class of small-home owners who have battled courageously and self-sacrificingly in order that the coming generation might grow up in surroundings and environment most conducive to the normal and healthy development of mind and body, an environment which would inculcate qualities of character and civic pride. The home represents the highest development of our family life. Here is preserved the family unit so necessary to our national existence. In any community the home owner is the valued citizen. He has built his castle there and is most interested, for the sake of those dearest to him, that orderly government obtain. He pays the bill to maintain the services of government in that community.

The CHAIRMAN. The time of the gentleman from Massachusetts [Mr. HEALEY] has expired.

Mr. JONES. Mr. Chairman, I yield 5 additional minutes to the gentleman from Massachusetts.

Mr. HEALEY. In many instances his ownership of an equity in a home represents years of struggle and sacrifice, thrift and economy, industry and self-denial, to the end that a home may be owned in which those dear to him may dwell in the circle of the family to be nurtured in ideals which will make them worthy to become our Nation's citizens. Here are deposited the savings of a lifetime and here reside his fondest hopes and most cherished ideals. Our Nation owes him much. He should not be forgotten in this hour of adversity.

In order to meet the delinquent-tax phase of the situation a bill has been introduced by my distinguished and able colleague and esteemed friend, Mr. McCORMACK, of Massachusetts. This bill has a kindred purpose of aiding the small-home owner. It, moreover, provides a method whereby States, counties, and local political units may receive revenue from taxation which is now incapable of collection except by tax sale. This bill, H.R. 4358, proposes that the Federal Home Loan Bank Board, or such other agency as the President may direct, be authorized to make loans to any home owner of not more than one family dwelling, if such dwelling is designed for the use of not more than three families, for the purpose of enabling him to pay taxes, including penalties, on such dwelling which are unpaid at the time of its enactment and to pay such taxes for a period of 2 years after the enactment of the bill. It further provides that the President be authorized, if he finds that continuing economic conditions require it, to extend the provisions of the bill for another year. Under section 3 thereof the bill proposes that loans shall be made only to those home owners who have made a diligent effort to meet such tax payments, but whose inability to meet the said tax payments is due to unemployment or other consequences of the depression. It provides that the loans shall be made for a term of not more than 2 years and shall bear interest of not exceeding 4 percent per annum. The loans shall not be paid directly to the borrower, but rather to the collector of taxes, or official charged with the duty, under the law, of receiving taxes. To provide funds for the carrying out of this legislation, the Reconstruction Finance Corporation shall allocate and make available to the Federal Home Loan Bank Board, or that agency which the President may direct, the sum of \$500,000,000, or so much thereof as may be necessary. The Reconstruction Finance Corporation is authorized, under its terms, to raise this sum by the issue of bonds, notes, debentures, or other obligations.

Thus, we have two very meritorious propositions designed to relieve the present distress of the home owner. They are correlated and supplementary. The President's plan purposes to relieve the tension insofar as the payment of the principal and interest on the mortgages is concerned. The McCormack bill makes provisions for the tax-deficiency aspects of the situation. The problems of the municipality and those of the home owner are inseparably connected. Let us then face the situation in its entirety and pass such legislation as will render relief to both. For this reason I



would urge that the McCormack bill be considered simultaneously with the President's proposal and its features be incorporated into legislation following the President's proposal—to the end that family life may be preserved in our Nation and our municipalities strengthened by the revenue which will flow from the collection of delinquent taxes. [Applause.]

Mr. JONES. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ARNOLD, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 4795, the farm mortgage refinancing bill, had come to no resolution thereon.

#### EXTENSION OF REMARKS—FARM MORTGAGE REFINANCING BILL

Mr. JONES. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to extend their remarks on the pending bill.

Mr. GILCHRIST. And on the rule, also?

Mr. JONES. And on the rule.

The SPEAKER. Does the gentleman from Texas mean 5 days from the passage of the bill?

Mr. JONES. Five days after the passage of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. JONES]?

There was no objection.

Mr. HOIDALE. Mr. Speaker, considering that the whole farm-relief program will probably go to conference to be finally whipped into shape, I call attention to suggestions made by E. G. Quamme, of Minnesota, formerly president of the Federal land bank at St. Paul. The plan has found much support in the West, and I will set out briefly an outline of the proposal.

Loans would be made by the Federal land bank upon a fair appraisal of the real value ascertained by agreement between bank appraisers and local experts, such as county agents.

Against and upon these mortgages the bank would issue bonds.

These bonds would be pledged by the Federal loan bank with the Federal Reserve bank and used by the reserve bank as a foundation for a currency issue. The reserve bank would hold the bonds and pay for them by turning over to the Federal loan bank such new currency, dollar for dollar.

This currency would be used by the Federal Reserve bank to hand over to the farmers in exchange for the mortgages accepted.

It is suggested that the interest rate be made as low as 2 percent, one half of 1 percent to cover costs of operation and to establish an insurance fund against possible losses, one half of 1 percent to go to the Government as a source of revenue, and the remaining 1 percent to be placed into an amortization fund, which would provide for the automatic retirement of the currency.

This plan would afford a way of expanding the currency without the danger of continuing inflation. It would, in fact, provide for gradual cancellation of the new currency to the extent that farmers would be reducing their mortgage obligations by reducing the loan principal; that is to say, the currency would be reduced to the extent of the amortization principal paid.

The thought behind the plan is that it would serve a double purpose: Give the farmer a chance to get away from an interest loan that is crushing, and it would also, because of the currency expansion, raise prices on its products. The improved financial condition on the farms which would result would tremendously increase purchasing power and business activity.

This is a brief and rough outline which may well be considered and compared with the many other remedies now advanced for relief of interest burdens and as a medium for advancing prices on all products to a higher level. It is claimed that, with proper provisions to guard against abuses

and dangerous extremes, this form of security as a basis for currency would be entirely sound and feasible, and there is now an increasing number of people who share this view.

Mr. SMITH of Washington. Mr. Speaker, the passage of this measure will mark another step in the administration program to revive agriculture, restore confidence, and bring back prosperity to the American people. This bill is not entirely satisfactory to the farming interests, who are disappointed in some of its provisions, but it is decidedly a step in the right direction and will do much good. It is far superior, in my opinion, to all the legislation of a similar nature enacted during the past 12 years. Indeed, it will extend financial aid in a beneficial manner and to an extent which has not heretofore been even attempted. I shall, therefore, be happy to give it my affirmative vote.

However, I should have much preferred to have this important bill considered under the 5-minute rule, with an opportunity to offer amendments. I voted against the resolution to consider it under suspension of the rules, with no privilege to amend. I have the highest regard for the able chairman and members of the Agricultural Committee, who reported the bill in its present form, but I am a strong believer in the fullest and freest consideration of all measures that come before this representative forum of the people. I am well aware of the fact that the Republicans in the past have, as a majority party, brought in their administration measures in the same parliamentary fashion as is being done by the Democratic majority now, so I have not been nor will the country be much impressed by their outbursts against a method of procedure which they have invariably followed when in power. What I contend for is that the Democratic Party, as the great, progressive, and liberal party of the Nation, should now pursue a truly Democratic course, regardless of the modus operandi of a reactionary political organization which has been repudiated by the electorate.

Ladies and gentlemen of the House, if this bill were subject to amendment, a lower interest rate would undoubtedly be proposed. I am fearful, judging from the expressions of the farmers in my part of the country, that they will be unable to pay 4½ percent plus amortization fees.

Furthermore, I believe that a proviso should have been incorporated to the effect that as part of the consideration passing for the benefits, privileges, and emoluments enjoyed by the Federal land banks and joint-stock land banks said banks be required to grant credit by way of offset and counterclaim for their bonds surrendered by the farmers on their mortgage indebtedness. This would have enabled the farmers to derive the benefit from the low market price of these bonds and thereby reduce their mortgage debts correspondingly, for the bonds are to be liquidated at par. I believe that such a stipulation predicated on the element of consideration would have been sustained and upheld by the court. However, the substantial relief and benefits which will accrue to the farmers by the refinancing, moratorium, and other meritorious features of this law will more than outweigh these omissions and its less desirable sections, which can be corrected in subsequent legislative acts of the Congress.

Mr. LEMKE. Mr. Speaker, we are fiddling while Rome is burning, blind to danger signals, drunk with power which is always blind to reality. So far we have passed no real legislation to relieve the depression. The so-called "relief measures" that have been passed are make-believe and not real. They have not checked unemployment—there are more unemployed today than there were on March 4. The farm relief bill and the refinancing of agricultural indebtedness bill—bills passed by the House—are simply muddying the water. The only relief in these bills is in the title. The substance is a stone in place of bread.

If, when this Congress opened, we had had the courage to pass the Frazier bill, the cost of production for that part of the farm products used within the United States, the Patman bill to pay the soldiers in cash, and the Wheeler bill to remonetize silver, and then adjourned and gone home, this Nation would have experienced the greatest



period of prosperity it ever witnessed. In place, we have been fiddling while Rome is burning. We are concerned with make-believe legislation but not with realities, and unless we get down to business and heed the danger signals all along the line, we will have a rude awakening. One hundred and twenty-five million people will not forever submit to the stupidity of a drifting and floundering government, when millions are starving in the midst of plenty.

I here quote from resolutions adopted by farm organizations which show that there is intelligent and constructive thinking going on throughout this Nation.

I quote from a resolution adopted by Dunn County Farmers' Union, Dunn Center, N.Dak., March 16, 1933:

\* \* \* Whereas agriculture, the basic industry of the United States, has long been struggling to keep up an existence and getting nothing in the form of relief except political promises, until now this industry has reached a stage where farmers cannot go farther without the complete loss and sacrifice of their homes; \* \* \* Now, therefore, be it

*Resolved by the Dunn County Farmers' Union, assembled in regular meeting at Dunn Center, N.Dak., on March 15, 1933, That we demand that our United States Congress, now in special session, immediately consider and enact far-relief legislation that will guarantee the farmer cost of production for that part of his products consumed in the United States.*

*Further, That farm indebtedness be refinanced such as provided for in the Frazier bill.* \* \* \*

I quote from another resolution adopted by an assembly of citizens of Redfield, S.Dak.:

Whereas the authors of the Bill of Rights, the Articles of Confederation, the Declaration of Independence, and the Constitution of the United States of America have provided for changes in the operation of laws and customs to conform to changing conditions and the requisite of the common welfare arising from such changed conditions; and

Whereas President Herbert Hoover and our President, Franklin D. Roosevelt have declared unequivocally that expansion of the currency circulating is primarily essential for the return of prosperity. President Hoover urged the enactment of the Reconstruction Finance Corporation on the ground that it would give the country "a potential currency inflation of \$20,000,000,000", and that "the country has need of it for a revival of prosperity"; and

Whereas the United States Government has admitted a debt due the World War Veterans and evidenced same by granting them certificates payable in 1945 and \* \* \*

Quoting again from a resolution adopted by Eureka Local No. 670 of the Farmers Union of Ward County, N.Dak.:

We, the 105 members of Eureka Local No. 670, of the Farmers Union of Ward County, N.Dak., assembled in special meeting, this 23d day of March 1933, do resolve that we are squarely behind the Frazier refinancing bill, as it was originally drawn, and we demand that the same be passed at this special session of Congress.

Quoting from another resolution adopted by Ward County Farmers Union convention:

We, the Ward County Farmers Union, in quarterly convention at Minot, N.Dak., this 22d day of March 1933, representing 2,000 farmers, do resolve that we are squarely behind the Frazier refinancing bill as it was originally drawn and demand that it be passed at this special session of Congress without delay.

And from another resolution adopted by Ellendale Farmers Union, of Ellendale, N.Dak., I quote:

Whereas the United States Government has made such liberal loans to the bankers, railroads, and insurance companies at a very low rate of interest to tide them over the present period of depression, and

Whereas agriculture has been repeatedly deflated every year since the end of the great World War, with the result that the agricultural industry is on the verge of utter bankruptcy; and

Whereas the prices for agricultural products have been depressed to such an extent that it will take at least three times the amount of agricultural products to pay a loan made a few years ago. In other words, it is equivalent to trebling the principal, interest, and taxes, and—

I also quote from a resolution adopted by Watford City Local, of the Farmers Education and Cooperative Union of America, at Watford City, N.Dak., April 1, 1933:

Whereas we believe that the present economic condition has become so grave that immediate action is necessary if our Government is to continue to exist and its people given a fair chance to recover from this unprecedented depression. Millions of our people have lost the savings of a lifetime and have been thrown on the mercy of society for support; all avenues of relief are becoming exhausted, and unless speedy action is brought about guaranteeing cost of production to the farmers, and employment

at reasonable wages for the millions of unemployed the inevitable result cannot be in question. Now, therefore, be it

*Resolved by the Watford City Local of the Farmers Educational and Cooperative Union of America in its regular meeting held at Watford City, N.Dak., April 1, 1933, That we most emphatically urge upon Congress and the President that the following bills be passed.*

I quote from another resolution adopted by North Dakota Holiday Association of Sargent County, Forman, N.Dak., on March 25, 1933:

The North Dakota Holiday Association of Sargent County held a mass meeting in the courthouse at Forman, Saturday, March 25. The object of this meeting was to discuss the mortgage situation and elect a council of defense to prevent mortgage foreclosures, both real estate and chattel.

*Resolved, That we are in favor of the immediate passage of the Frazier farm relief bill, or legislation along exactly similar lines, and are opposed to any patching up of the present farm-mortgage system, or any system that provides for higher interest rates on farm mortgages than the rates paid to the Government by the Federal Reserve System.*

*Resolved further, That a copy of these resolutions be sent to each of our Senators and Representatives in Congress.*

I quote from another resolution adopted by North Dakota Holiday Association meeting at the courthouse in Crosby, N.Dak., April 8, 1933:

We urge Congress to immediately pass legislation for the refinancing of the farm indebtedness under the provisions of the Frazier bill, or similar legislation. In any event, the interest rate and amortized payments should not exceed 3-percent interest. The business of financing should come directly from the Government without the intervention of banking racketeers to add more to the farmers' interest rate.

I quote finally from a resolution adopted in Bottineau County at a holiday association meeting from eight counties where there were 4,500 farmers present, held April 10, 1933:

SECTION 1. We demand that the Federal Land Bank of St. Paul permit farmers now living on foreclosed land, or that may hereafter be foreclosed, to retain possession of the premises, whether foreclosed or not, and that those farmers be refinanced to repurchase said land. Any other course is certain to cause serious trouble and loss of life. These farmers have no place to go and cannot be removed without wide-spread disorder.

SEC. 5. We insist upon the cost of production being in any price-adjustment plan enacted by Congress.

SEC. 6. We insist that any plan of the Federal Government to finance the farmer be handled by the issuance of currency and not by a bond issue; and that the rate of interest to farmers shall not exceed 1½-percent interest and 1½-percent amortization.

Mr. JOHNSON of Minnesota. Mr. Speaker, in taking the floor today, I rise for the first time during this extraordinary session of Congress, a Congress that was called almost immediately to consider what we in the Middle West understood to be that of passing adequate and protective farm-relief legislation.

The administration bill that is now before us, is not what we can justifiably say "fills the bill." It does not do the things that are most needed by the farmer, and that is a low rate of interest on the refinancing of his loans.

It is needless for me to tell this House of Representatives the condition that our farmers are now in. His place is one almost of pitiful servitude; he is without purchasing power to buy the necessities of his household; he can feed but he cannot clothe his family properly or give his children adequate education for the lack of the essentials that are necessary. Many thousands have already lost their farms, have become tenant farmers, other thousands have heavy mortgage obligations, and are steeped in debt with delinquent taxes. The American farmer is almost beyond redemption. He needs sound governmental action.

I tell you the farmers of this country know what they want in the way of legislation. Farm delegations have spoken to me and many of us here and have expressed a desire for adequate financial legislation. They have appealed for the passing of the Frazier bill for refinancing farm mortgages at the rate of 1½ percent and 1½ percent principal on the amortization.

They ask for and need a low rate of interest. The rate embodied in this administration bill I feel is too high. It



is still oppressive, and the only redeeming feature is the 5-year breathing spell it offers. They asked to be placed on a parity that Government has given industry and manufacturing. They are but seeking governmental protection and say, "Congress, you have given 'big business' of this country billions of dollars. You have upheld private industry when they have appealed to you. You have gone to the rescue of the corporations and monopolies, and now we ask you to help us, the American farmer. We ask you to give us low rates of interest on our farm mortgages, and we ask you to set a cost of production so that we may be able to earn a little on our investment and enjoy some purchasing power."

The farmer has been the victim of campaign promises for more than 8 years. He was told by previous administrations that adequate legislation would be given him. These previous administrations have failed utterly and abysmally in this respect. They have sidetracked the farmer, and by a series of events he has been forced to sell his products at a low level never before reached in the history of this country. Now we have a "new deal" in the White House, and I honestly believe that the President is anxious to help the farmer. I really believe he is desirous of doing the right thing for agriculture.

I am going to vote for this bill, although I feel that the proper relief is not promised for the farmer. I believe that the interest rates in this bill will not give the average farmer the relief he needs, and I feel that the issuance of bonds instead of Federal Reserve notes is a mistake, and I would like sincerely to see the Frazier bill for refinancing substituted for this one.

The international bankers have led unthinking people to believe that if the Frazier bill were passed there would be too much money in circulation. Our present miserable condition is due entirely to the fact that there is not enough money in circulation to do the money-work. Economists tell us that there ought to be \$50 per capita in circulation in the United States, but, as a matter of fact, there is not over \$5 per capita in actual circulation among the people. We do not care how many billions a few racketeers may have locked up or hidden away. That is not in circulation. These unreasoning people, parrotlike, use the Wall Street expression and talk glibly about "soft money" and "flat money", when they have not the faintest conception of what money is and what its purposes and functions are. Parrotlike they repeat these words without knowing what they mean. There are still a few foolish enough to talk of a gold standard, but if they will go and take a Federal Reserve note to the United States Treasury and ask for gold, they will find that the United States is not on a gold standard and that this paper will not be redeemed in gold. In fact, the United States is so far off the gold standard that it is a crime for you to have gold in your possession. That is as it ought to be. Paper money representing services and the promise of our Government to redeem it in services and commodities is good enough for any intelligent man or woman. If these critics would stop and think and inform themselves on the subject of money, they would discover that our Government prints Federal Reserve notes and gives them to the Federal Reserve bank for the international banking clique at seven tenths of 1 cent per bill—the cost of printing. This bill may be for \$1 or for \$1,000, and all that the Federal Reserve bank pays Uncle Sam is seven tenths of 1 cent per bill, and it can be kept for 1 year or for 10 years.

They would discover that at present their Uncle Sam has, printed and outstanding, approximately four billion of this paper money, which the international bankers get through the Federal Reserve bank for the cost of printing—seven tenths of 1 cent per bill. They would discover that the larger portion of these Federal Reserve notes have been recently issued to a few large cities in the eastern part of the United States.

When these big boys get it it is not fiat or soft money. Just a few days ago we printed \$2,000,000,000 to give to the

big banks, but because we charged them one half of 1 percent tax per annum, and because they have no further paper securities, and because the poor devils who they have been charging usury rates of interest have no further securities or homes to mortgage, they all having been mortgaged heretofore, they refuse to take it. What would be the matter with loaning that \$2,000,000,000 to the farmers through the Frazier bill? The farmers would be glad to pay one half of 1 percent tax on it, and they can give real security—first mortgages on their farms.

When the big boys get it it is not fiat or soft money, but when the farmers or the soldiers ask for two billion of Federal Reserve notes on the same terms and conditions that the international bankers get them, then these bankers and their unintelligent followers begin to yell "flat money" and "soft money." It is sound money when your Government gives it to the banking clique for the cost of printing; and then when the Government gets four or five billion dollars in the red, borrows its own money back and pays 2- 3- and 4-percent interest on it, then it is sound money in the minds of the bankers and unreasoning people.

Again, the national-bank notes are based on debts and not on gold or silver. This, Wall Street never explains to its followers. The people think that these notes are based upon gold. The truth is that money is but a unit of exchange, a yardstick with which we do business and exchange goods and other commodities. There are not enough units or yardsticks to go around. That is why 90 percent of the homes and public buildings in this Nation need painting and repairs. If the owners of these buildings had money enough to buy the paint and hire the painters, the farmers' flax would go up to two or three dollars per bushel overnight. They would not be able to raise enough flax in the next 5 years to supply flax for linseed oil used in paints. This depression is due to the fact that we have not enough money with which to do business; therefore we in Minnesota are for the Frazier bill, which provides that the United States Government shall refinance existing farm indebtedness at 1½ percent interest and 1½ percent principal on the amortization plan, not by issuing bonds but by issuing Federal Reserve notes secured by first mortgages on farms, the best security on earth.

During the war the Government increased the money in circulation by giving to the people about \$2,000,000,000 new money—Federal Reserve notes—to use as a revolving fund with which to buy billions of dollars of Liberty bonds. Then, in 1920 and 1921, it deflated and took \$2,000,000,000 away from the people in the short time of 8 months and wrecked the prosperity of the Nation. That is when the deflation began. We farmers have been selling the things that we have been producing below the cost of production since 1921. We have lost all our equities and all our savings, and now the depression has reached the business people. When the Government gave us \$2,000,000,000 to buy Liberty bonds it was not fiat or soft money, but when we now ask for \$2,000,000,000 to use as a revolving fund with which to refinance 9½ billion dollars of farm indebtedness, then it becomes soft money in the minds of Wall Street and unthinking people.

I cannot understand how any person who is fairly well informed on what money is, and its functions, should be afraid that if the Frazier bill were passed that then there would be too much money in circulation, when, as a matter of fact, the average individual that parrotlike repeats the expression "flat money" and "soft money" is generally a poor boob that has not \$2.50 in his pocket or even enough to buy a meal. Just why he is so foolish as to use the Wall Street language I cannot understand.

If we would only open our eyes and look about and calmly view the wreckage—whole communities without banking facilities, 80 percent of the homes and buildings of this Nation unpainted and in sad need of repairs, millions without work and millions more starving, and all because we have not enough money, enough yardsticks, with which to do business and exchange our goods and services—then we would realize



that we must have an expansion of currency; that we must refinance the farm indebtedness; that we must have more money. The Frazier bill will do all these things.

We farm representatives are not satisfied with the so-called "administration bill." We believe it to be a bankers' bill. We do not believe that it meets the expectations and hopes given by the President's inaugural address. We feel that the President should consult with the real farm leaders, such as John Simpson, and with the farm representatives of agricultural States.

Mr. TURNER. Mr. Speaker, the provisions of this bill, modifying and supplementing as it does the farm loan bill of 1916, have been well designed for the purposes and ends in view. I believe that when the bill we have before us becomes a law it will be found sound and practical from a business standpoint—that the \$2,000,000,000 of bonds which it authorizes will be readily taken by individuals and corporations all over the country who want safety as well as a reasonable income from their investment. These bonds will yield 4 percent interest, free from taxes, with interest payments guaranteed by the Government.

Thousands of farmers with burdens of mortgage and other debts too great to be borne longer will be encouraged to borrow or refinance mortgages under the provisions of the bill with the hope ultimately that they may work out and save their farms and gain for themselves a measure of peace—a feeling of security which they have not had for many years. Many will go forward inspired with hope of owning again, free from debt, the farms and homes whose ownership are now about to slip from their hands.

Mr. Speaker, it is cause for regret to me that a lower rate than 4½ per cent interest might not have been provided for the money loaned, because the mortgagor who cannot now pay 6 percent and 7 percent, as he is required to pay in many instances, cannot pay the rate provided of 4½ percent. I think the rate should have been fixed at from 2 to 3 percent. I am well aware, however, that bonds must be sold to get the money for loaning purposes—that a reasonable return in interest must be provided for those who buy the bonds. The Government is undertaking to provide for safety in operation of the farm-loan banks and the farm-loan association through which the money is to be loaned. Safe farm-loan banking cannot be done unless proper margins of safety are provided for the banks' operations. The farmer, as well as those who buy the bonds for investment, the public generally, will want to feel that there is proper security behind every loan and that the one half of 1 percent interest charged the farmer in excess of the interest on the bonds is to provide security for the banks. So, however much we may have wished for a lower rate of interest to the farmer, we will abide by and accept the judgment of the President and of the Secretary of Agriculture and of the great farmers' organizations who have given the measure their best thought. They and those who framed the bill have been deeply anxious to offer a measure which would furnish the largest amount of relief to the farmer consistent with good business policies, considering conditions of money markets and other factors entering into the whole proposition.

With a view of lightening the farmer's burden as much as possible until he shall be able to get better prices for his products, it is provided that he does not have to pay any part of the principal within a period of 5 years from the date of his borrowing or refinancing. Under the provisions of the Farm Act of 1916, he can borrow for or extend his loan for periods ranging from 5 to 40 years. If he cannot pay the interest on the mortgage at the rate provided, his case will, no doubt, prove hopeless and his farm will be lost. I wish to state that unless the prices of farm products are brought to a higher level than has obtained for the last 2 years there will be no hope for thousands who will borrow and refinance to ever pay out.

The bill provides that the rate of 4½ percent is open to none save members of farm associations. One may make a loan although not a member, but he must pay 5 percent for the money. It is provided, however, that when as many as

10 borrowers living in the same locality shall altogether be borrowers of as much as \$20,000 they shall at once form an association and shall get the full benefit of the 4½ percent rate.

It is hardly possible within the limit of time and space permitted to give the full details of the plan. I have studied its provisions as closely as the short time since its introduction has permitted, and I believe it lays the foundation in its provision for thousands of farmers who are now utterly discouraged and confronted with ruin to commence to rehabilitate their ruined financial condition.

Mr. Speaker, I know my own district, its people, and their condition better than other sections. There are 12 counties in my district, which by the Federal census of 1930 had a population of 194,915. Since 1920 it has lost 10,078 people, or 4.9 percent. The State of Tennessee showed for the same period a gain in population of 11.9 percent. This district is almost wholly agricultural—only 15.75 percent of its population reside in its incorporated towns. There were, all told, 2,037 persons listed as being employed in industrial pursuits. Many of those classified as industrial workers were employees of garages in the capacity of mechanics, others were employed by railroads, telephone and electric companies, and a large percent of the whole in mills processing wheat, corn, timber, and lumber, while others were employed in plants for processing milk and tobacco. Practically the entire population depends directly or indirectly upon agriculture for a living.

In this district are 26,437 farms with a total acreage of 2,510,770 acres. Mortgages aggregating \$6,458,206 rest on 4,151 farms operated by full owners, according to the census. This does not take into account the farms operated by tenants and part owners. It is reasonably safe to say that there are not less than 8,000 mortgaged farms in the district, the aggregate mortgage indebtedness being not less than \$12,000,000. Hundreds of mortgages have been foreclosed during the last year and many former owners have sought residence away from the scene of their misfortune and humiliation, others have become tenants, and some are working on highways on money furnished by the Reconstruction Finance Corporation to relieve the distress consequent upon unemployment. Tenancy has grown in this district from 36.9 percent in 1920 to 44 percent in 1930. Loss in population, increase of mortgage indebtedness, of tenancy, depletion of savings accounts, the sale of breeding stock, worn-out machinery and equipment, used-up savings, borrowing or cancelation of life-insurance policies, inability to buy and pay for books for school children, to pay for medical and dental attention, to pay the increasing burden of taxes, all of these make up a part of the evil consequences that have befallen great numbers of a once happy, contented, and prosperous farming people. Many who only a few years ago were accounted highly prosperous and were classed as being rich are today greatly reduced in finances and confronted with ruin.

Mr. Speaker, these people of whom I speak lived in a section unusually favored by nature. Several of the counties in this district are known throughout the United States, have been made famous by the fertility of their soil, the beauty of the country with its rich bluegrass, for its famed strains of blue-blooded Jersey cattle, of pacing and trotting horses, and better known for an unsurpassed citizenship.

It is to be deplored that the best students of governmental affairs have no specific remedy to offer for the immediate relief of those adverse conditions.

The President offered the farm emergency relief bill, which has the approval of the Secretary of Agriculture, leaders of great farm organizations, of men capable of careful and well-considered thought, of those sincerely anxious to help the farmers. The House passed it after the President had frankly stated that he was asking us to follow "untrod paths" in an effort to serve agriculture, and, if possible, to save it. I voted for the bill as I will for any measure that gives promise of agricultural relief.

Mr. Speaker, this farm-mortgage measure is a companion bill of the farm relief bill. In the Senate they have been



combined into one bill. I believe the farm mortgage bill to be workable. I hope the untrod path we shall enter in carrying out the farm relief bill will lead us to better conditions. If it does not after due trial, the President has stated that he will be the first to say so.

The time was ripe for action—indeed, action in behalf of agriculture was long overdue. To act and fail is better than not to act at all.

Mr. Speaker, the conditions prevailing in my own district are not different from those of others all over the United States. From every section the conditions are represented as bad and the demand for relief is insistent. It is only now and then that a public man or newspaper gives utterance to expressions other than that of sympathy. Practically everyone realizes that until the farmers are again able to carry on and sell above the cost of production, business will not and cannot be restored.

A few days ago a once brilliantly edited New York paper, whose latter-day clientele is among the predatory international bankers and Wall Street speculators, carried this solemn warning to those seeking farmers' relief:

A solution could be formed more readily if agriculture could be induced to make up its mind that there is no way out except the one through which other forms of business must go—that of patience, thrift, labor, and economy, with the lopping off of unprofitable production and the elimination of enterprises which have become impaired beyond hope of recovery. No business can go on indefinitely by borrowing new money to pay old debts. Agriculture has no more right than any other industry to do 1933 business on a 1919 basis. If the farmers and their professional friends at Washington cannot be brought to realize this, care should be taken to make sure that in refinancing State and Federal aid shall be confined to sound undertakings for reducing interests and postponing maturities.

This newspaper, ever mindful of its international banking friends, of its Wall Street friends, of protected interests, voicing their sentiments and beliefs, would have the farmers practice patience—as if the farmers' whole life had not taught him that great virtue. He calmly waits for the proper season for plowing and preparing his lands for planting; he waits for the grain he plants to germinate, for its tiny shoots to break through the soil. He is patient in waiting for the rains and for the lands to dry out for cultivation. He, better than any other who labors, knows that he is powerless to hurry up the forces of nature. He waits with calmness and patience for the season of maturity—patience is ingrained in his very nature. This great editor says he must be thrifty. Out of the abundant wealth he has acquired from selling wheat at 50 cents per bushel, corn at 15 to 20 cents, cotton at 5 cents and 6 cents, he must save, he must invest, he must add to his wealth. Then, above all, he must be economical. When his worn-out shoes can no longer be worn he can save the price of a new pair by going barefooted—he and his family can cut out the use of coffee and sugar; but, above all, he must lop off all unprofitable production. That means, under present conditions, he should lop off the cultivation of wheat, corn, oats, rye, cotton, and all the farm crops—lop off his orchards, quit growing livestock, quit dairying; in fact, according to this great leader of international thought, he must lop off the farm itself as an enterprise which, with conditions continued as they are, is an enterprise beyond recovery.

Mr. Speaker, the farmer is not asking that his business in 1933 be put on a 1919 basis. He is asking that all restrictions be removed which prevent him from having an equal opportunity with industry, with bankers, and those engaged in other pursuits.

Those who brought forward the farm relief bill, and who have proposed this mortgage bill believe that farmers should have such relief as will permit them to receive the prices for their products in the period of 1909 to 1914. This period is chosen because farmers then could sell their products for reasonable prices, above the cost of production—they could take the money and buy equipment and the necessities of life at prices in near relation to the prices of their farm products.

Mr. Speaker, in my native county where I have my home and where I own and operate farm lands, there are great

areas of wide-spread, rich bottom lands on the rivers which overflow annually, and, for that reason, are cultivated in corn. No cornlands of the West are more fertile or productive than these overflow lands. Last fall when corn could be sold at all, it sold for about 15 cents per bushel. Wheat sold, delivered to mill, at 50 cents per bushel. Eggs sold as low as 3 cents per dozen. Such prices are ruinous. Shall we stand idly by and see agriculture perish, see the farms of the country pass into the hands of insurance companies, and present farm owners turned into tenants, or shall we make an effort to rescue them from their perilous situation?

I believe that until the farmer is put in the way of recovery, normal business will not return. The idle wheels of industry will remain so. Transportation and commerce will languish and die. The paramount duty of this administration and of this Congress is to pass and put into effect laws for mortgage relief such as this bill offers; to put into operation the farmers' relief measure; to repeal and change every law and regulation that has helped other lines of business at the farmer's expense. In other words, to treat the great business of farming as basic, as lying at the very foundation of all that we call "prosperity"—foster it, relieve it of unjust burdens—aid it, and let the blessings that would come to agriculture from this course flow out into the channels of commerce and trade, whose veins and arteries are now clogged because of the lack of the lifeblood which the farmers cannot any longer supply without cooperation.

Mr. AYERS of Montana. Mr. Speaker, the very life of this Nation depends upon the issues involved in this bill. The most important of such issues are, first, the refinancing of existing farm mortgages; second, the extension of credit to the farmer who cannot otherwise secure credit; third, it is the first legislation ever to come before a Congress to aid the farmer in redeeming or repurchasing the lands taken from him on execution or foreclosure sale into which his and his family's very lifeblood has been given; and, fourth, it authorizes the Reconstruction Finance Corporation to loan to State irrigation districts with completed projects in order to reduce and refinance outstanding indebtedness. To this extent it sounds the chord and speaks the language the farmer understands.

#### MUST HAVE LOWER INTEREST RATE

To make this law effective we must have a long-range program and a low rate of interest. In the bill before us the range of time may be extended to 40 years; that feature is satisfactory, but the interest rate is highly unsatisfactory—in fact, it is prohibitive. My colleagues, I tell you that agriculture absolutely cannot live under a 5-percent interest rate; and if we can refinance financial institutions and transportation companies at a lesser rate, then certainly we can refinance the basic industry of this Nation at a lesser rate. The 5 percent rate written in this bill should be cut in two; indeed, it must be cut in two, and money can be had at half that rate, even if it has to be conscripted or commandeered. As a matter of fact, it is now being commandeered for centralization by the financial interests of the country. Why not the Government take a hand in that game and play that hand for the common good of all?

That the farmer have a price above the cost of production is absolutely necessary for his existence, and for that reason it is necessary that the principles of the Frazier bill be written in the agriculture bill over in the Senate, and I hope the Wheeler silver bill will also be attached to it. The Frazier bill takes the cost of production as the basis for price fixing, and the Wheeler bill is the only true system of inflation.

But my enthusiasm for these matters of legitimate relief has led me from my subject—lower interest rates. At this instant all the farmers and the ranchers of this Nation are looking for, demanding, and expecting a rate of interest which they can pay. They are honest, and they are anxious to pay—nothing pleases them any more than to pay their debts—but how can they pay when their products' price is less than the cost of production and, in addition to that,



they have an unbearable rate of interest written against them?

Now, Mr. Speaker, if news goes out to them that we have failed to fix a price on their products in excess of production costs, and if that news shows that we have written 5 percent interest against them, and if that news further shows that we have frowned on the silver bill and that we have failed of an inflation program, then I warn you that it will breed germs of rebellion in their hearts, and it will retard the confidence that has been manifest since March 4. On the other hand, if we fix their price, based on production cost, and if we adjust the currency so as to fix a true range of value, and if we write into this bill an interest rate which they can pay, then the great army of producers will "come back" with a strong heart and maintain their first-rank place in this Nation.

By this bill the Government is fostering a \$2,000,000,000 bond issue for refinancing agriculture. The purpose is one of decentralization, and to replace the money in the afflicted communities and take as security self-liquidating, long-time, low-interest-rate mortgages from the farmers, ranchers, and allied industries.

Do not say this cannot be done, for it can be done and it must be done if prosperity is ever returned. And a low interest rate is not 5 percent. The farmer cannot pay that. It is too high. Half that amount is more in keeping with the spirit of the bill.

#### NATIONAL DEFENSE

Mr. HARTLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD to include a speech delivered by my colleague, Mr. Goss, on the subject of national defense.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey [Mr. HARTLEY]?

There was no objection.

Mr. HARTLEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

ADDRESS OF HON. EDWARD W. GOSS, OF CONNECTICUT, BEFORE THE VETERANS' ORGANIZATIONS AT HARTFORD, CONN., APRIL 6, 1933

Gentlemen, I am delighted at this opportunity to address the veterans' organizations of Connecticut on the subject of national defense. Before such an audience it is unnecessary to point out the importance of my subject. You gave conclusive proof of your convictions in this matter and your readiness to stand by them 16 years ago when you donned your country's uniform and offered your lives in her defense.

Go back with me for a moment to those fateful days of 1917. How many of us had any idea of what we were up against? I confess that when I enlisted I had very vague ideas of what was expected of me, and I knew still less of how I should go about meeting the situation. The same was true of us as a nation. We had been forced into a war with a world power. Though it seemed incredible that a nation like ours, whose aims and aspirations lay wholly along paths of peace, should find itself at swords' points with a European power, we suddenly found ourselves in that very situation.

I recall our early groping attempts to help the Allies. At first it seemed that in the absence of any considerable trained man power of our own, our activities must of necessity be restricted to supplying the sinews and munitions of war. Then suddenly German military successes made it imperative that allied armies be greatly augmented. What resources in trained man power did the United States have available? Including the Regular Army and all National Guardsmen who had seen Federal service along the Mexican border, our total trained man power numbered some 200,000 men. But in 1917 Great Britain alone had 10 times that number serving in her expeditionary forces, while a far greater number labored in Britain to sustain the effort on the front. Obviously, we were forced in this emergency to turn to our great reservoir of untrained man power. What plans had been made to raise, train, and equip large armies in the United States? None! In our great desire to maintain strict neutrality our military leaders had been forbidden to make any preparations against possible involvement of the United States. As a nation we had never visualized such a pressing necessity. These tremendous tasks had to be undertaken hastily, with improvised methods and all the tremendous losses incident to such methods.

In spite of lack of planned preparation, the accomplishments of those days were memorable. The United States, under stress of extraordinary circumstances, achieved results that had previously been considered impossible. But I insist that thousands of lives and countless treasure would have been saved if the Nation had been ready 16 years ago with adequate plans and preparations to meet its baptism of fire. The lives that were lost can never be replaced. The national debt, incurred when

vast sums were of necessity recklessly expended, still weighs down the Nation with a depressing load of taxation.

In 1920 the Congress took steps to insure that our experiences in the war with Germany should never be repeated. It formulated and passed an amended National Defense Act designed to insure the safety of the United States from any armed aggression. This act reflected the seasoned judgment of the men who had just led our Nation through the greatest conflict in history. It was written in the blood of thousands of Americans who had fallen in defense of their country—written while the acrid smell of gunpowder was still in the air.

In providing for an adequate national defense, our Nation's leaders realized the basic importance of trained manpower. Uniforms, equipment, and weapons are the tools of the military trade, and of course no workman is efficient without good tools. But the first requisite is the trained worker—in this case, the trained soldier. Accordingly, the National Defense Act provided for an adequate nucleus of trained manpower and made provisions for expanding this nucleus to meet the requirements of any particular situation. The professional soldiers of the Regular Army and the civilian soldiers of the National Guard and the Organized Reserve were made the framework of our defensive structure.

This was a typically American solution to a very vexing problem. It was economical, and while it avoided building up a large professional military machine, it was admirably suited to our defensive needs. Such a system is not suitable for offensive purposes. An offensive force must be well prepared by long training and adequate equipment to deliver a powerful surprise attack at the very outbreak of war. Hence our system, depending so largely on civilian components and upon armies to be raised and trained only after emergency has arisen, does not engender fear in neighboring nations.

Provisions were also made for obtaining an adequate supply of the munitions of warfare. With the same clear vision displayed in attacking the problem of trained man power, the National Defense Act provided for an adequate mobilization of the industrial resources of the Nation. The need for this was great. I have spoken of the great amount of money we expended in our military effort in the World War. In that conflict contracts for munitions were placed promptly with all firms that appeared capable of manufacturing them. No expense was spared in rushing these orders to completion. But in spite of our best efforts no American-made 75's were firing on the battle front when the armistice was signed. We were still dependent on our Allies for artillery and ammunition and for many other items. So the National Defense Act provides not only for the prompt mobilization of our military man power but also for a reasonably prompt flow of munitions to our citizen armies in time of emergency. When this memorable piece of legislation was enacted the future safety of the Nation seemed assured.

Great thought was given to the size of the trained and partly trained components that our situation required. It was finally determined that our defensive needs would be adequately met by a Regular Army of 298,000 and a federally recognized National Guard of 490,000 if provision were made to expand this force promptly through the agency of the Organized Reserves. At that time we were not greatly concerned over our naval situation since the United States was then building the greatest fleet in existence.

That was our situation in 1920. Today, 13 years later, we find that great changes have occurred. On the one hand we have many ominous indications that the "war to end war" failed to accomplish its purpose. On the other hand our defensive strength has, for a number of reasons, greatly deteriorated from the standard determined upon in 1920 as essential to national safety. Our position as the world's greatest naval power was traded for a naval treaty. Our Regular Army has been repeatedly reduced in the name of economy so that today its strength is much less than one half the figure authorized in 1920. The National Guard has never reached the strength specified. Instead of 490,000, we have approximately 190,000 National Guardsmen. At the present time the United States, the wealthiest nation in the world, has a smaller military force than Greece or Belgium or Portugal. We actually stand seventeenth in point of organized strength among the nations of the world.

Tonight I say to you that it behooves us to pause and take stock of our ability to defend ourselves. The experience of 1917 must not be repeated. It was costly then; if repeated, it might well be fatal. The safety of the Nation is in our hands. The country looks to the veterans of the last conflict for counsel and guidance in matters of national defense. What shall we tell them?

Here is the message I would deliver: First, economy in national defense, when carried beyond the point of safety, is the most reckless form of extravagance. No amount of expenditure after the emergency is upon us can atone for pinch-penny savings in time of peace. We cannot pour gold into a hopper and grind it out immediately in the form of trained soldiers and needed equipment. Second, in spite of countless mechanical devices and chemical mixtures, the only sound basis for adequate defense is trained and disciplined man power. Finally, even in these times of economic stringency, the provisions of the National Defense Act should be departed from only after the possible consequences of such action have been most carefully weighed. Our national defense policy must never be measured primarily in terms of dollars and cents, but in terms of men.



Upon the veteran falls the task of molding public opinion on these important matters and bringing to the attention of his representatives in Congress the continuing necessity for a strong national defense. In the last great military emergency the public learned to look with confidence to you for protection against impending danger. Today in matters of national defense your counsel has an unchallenged authority. With that authority goes the responsibility that leadership entails. I call upon you to see that the security of America is safeguarded.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KLEBERG, for 1 day, on account of illness.

To Mr. HIGGINS, for several days, on account of illness in family.

To Mr. KEE, for 5 days, on account of important business.

#### THE DISCHARGE RULE—HOW LEADING MEMBERS OF THE HOUSE REGARDED IT 2 YEARS AGO

Mr. KVALE. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein certain excerpts from speeches and addresses made by Members of the House at the opening of the Seventy-second Congress with reference to the discharge rule.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. KVALE]?

There was no objection.

Mr. KVALE. Mr. Speaker, persistent rumor has had it that an effort would be made to amend the present discharge rule so that a majority of the Membership of this body would be required in order to discharge any committee from the further consideration of any bill. The present number required is 145, and that rule has been in operation from the time it was adopted at the beginning of the last session.

So that the large number of incoming Representatives in the Seventy-third Congress may have the benefit of the advice of House leaders at the time the rule was considered and adopted, and so that they may not be misled into binding themselves irrevocably until they have possession of the full facts, I have secured permission to extend my remarks and to include therein portions of the addresses of my colleagues at that time. They may be found in their entirety by consulting the daily RECORD under date of Thursday, December 8, 1931.

Let me first add the observation that what was then true is now increasingly true. It is difficult to understand why the rule designed to insure liberal and fair and orderly procedure that would truly reflect the majority will, at the same time that it adequately protected the rights of any considerable minority, should be practically destroyed just now when the majority strength is so preponderant that it should have more than a safe margin of support for any measure that had even a semblance of merit, and should be able to resist any application of the rule unless there might be a clear effort to thwart expression upon a major issue.

Members who record themselves, if and when the test comes, in favor of a change in this rule such as has been proposed, should realize the gravity of their action and its far-reaching effect when judged by the excerpts from the addresses which I append.

Listen first to the remarks of our distinguished Chairman of the Committee on Rules, who also then presided over that powerful committee. I subscribe to them now, as I did then. He said, in his usual frank and forceful manner:

Mr. Speaker, 31 years ago I was a Member of this House under what I may term a 1-man oligarchy. For 10 years following my entrance into the House the House of Representatives had tied itself hand and foot and delivered itself to the Speaker. The House was under the control of a Committee on Rules, composed of three men—the Speaker, a gentleman from his side of the House, and one man from the minority side.

Time and again I have seen the Speaker call the majority member back of the Speaker's desk and decide upon a rule, and, after agreeing upon the rule, they would notify the minority member what was done, and the Republican member would read his rule, sometimes written in longhand on the back of an envelope, and the House would proceed to act.

I actually saw this, Mr. Speaker. It is hard to believe, but the records of the House will bear me out. I saw the two majority members of the Committee on Rules report a rule to this House

for the consideration of a measure, and when the rule was adopted and the language of the rule was carefully examined, bless goodness, they found it not only provided for the consideration of the measure but actually passed the measure. [Laughter.]

There has been constant protest against this manner of considering legislation. The protest has continued all during the years. After 1910, when the Democrats came into power in this body, there was considerable liberalization of the rules, and now the Democratic caucus has agreed upon what is known as the Crisp discharge rule, and I was instructed to report that as an amendment to the rules of the House, which I took pleasure in doing.

This discharge rule provides for the discharge of committees, under certain circumstances. It even provides for the discharge of the Committee on Rules. I have no objection to that. As long as I am at the head of the Rules Committee there is not going to be any "sitting on the lid." [Applause.] I am willing at any time, if any gentleman thinks the Rules Committee is attempting to stifle legislation, to have you put your discharge rule into operation. This is also what the proposed change does with respect to other committees. I may say that this matter will be discussed in detail by the gentleman from Georgia [Mr. Crisp] and, perhaps, by other gentlemen on this side.

The Crisp discharge rule also provides, in another paragraph, for the calling together of committees where the chairman refuses to call the committee together. Surely, nobody objects to this.

Another provision of the Crisp rule is that providing for action by the conferees when they refuse to act. Surely, nobody can object to that. These are the three high spots in the Crisp amendment to the rules of the House—the discharge of committees, the calling of committees together, and compelling the conferees to act.

Now, gentlemen, a good deal has been said about amendments to this Crisp amendment to the rules. We are willing to stand or fall by the action taken by the Democratic caucus. I believe an overwhelming majority of the House is in favor of the proposed liberalization of the rules. I will say that if the discharge rule is not workable then the Rules Committee will promptly give consideration to any amendment that may be deemed necessary to make the discharge rule workable. [Applause.]

Next came Judge Crisp, of Georgia, long recognized as one of the ablest of parliamentarians to sit in this Chamber, and at that time recognized as cherishing the desire and determination to make of the House a representative body, responsive to the will of the electorate. He said in opening his remarks:

Mr. Speaker and my colleagues, this is the day I long have looked forward to—a Democratic Speaker, this House under Democratic rule, carrying out the great principle of democracy that a majority shall rule, and the adoption of rules with sufficient authority and so adjusted that they shall be rules for the entire House, not to meet any political exigency of any party but to insure the fundamental right of democracy that a majority of the House may work its will under the terms of those rules. [Applause.]

Later, in amplification, he added this detailed explanation, which is worthy of preservation and which may profitably be considered now:

I propose another very vital fundamental change to insure the majority control which the Republican conference did not act upon, to wit, a rule making it possible to deal with recalcitrant conferees, and make them subject to and amenable to this House, that rule being that when conferees shall have been appointed for 20 days and shall not have made a report, it shall be a privileged motion to move to discharge them and to appoint new conferees and to instruct. The rule provides also that during the last 6 days of a session those rights to discharge and instruct and appoint new conferees can be made after the conferees have been appointed for 36 hours. You all recall how in Congresses past the conferees defied the House on the Norris "lame-duck" resolution, how they defied it on Muscle Shoals, and how they defied it during the last hours of the last session on the bill for the veterans' hospital. Under the old rules if nine tenths of the Members of this House desired to instruct conferees, they are impotent as babies to do so unless the Speaker would recognize them to move to suspend the rules or the Committee on Rules would bring in a resolution authorizing the House to deal with them. Is that democratic or is it consistent with the American form of government? No. Under the rule proposed today you have them absolutely within the control and authority of this House.

I come now to the remaining fundamental, the discharge rule, and it is, word for word, the rule that I proposed, to discharge committees, when I was in the minority last January. That rule has two separate, distinct methods of procedure to discharge the committee, not related to each other, absolutely divorced from each other, and a Member can proceed to discharge the committee under either one of those methods. The Republican conference adopted one of those methods, the weaker method for discharge. They liberalized as little as possible to meet their political exigencies. They adopted the old rule that I had the honor of drawing in the Sixty-eighth Congress under which the Howell-Barkley bill was discharged and which was filibustered in the House so



that we could never get action. Why? Because the Speaker and those in the chair entertained dilatory motions, would not bring the matter to a conclusion, permitted delays, and the bill could not be finally passed, and I then learned my lesson. I profited by that experience. I knew that history might repeat itself. I determined to evolve, to the very best of my ability, a rule that could not be filibustered, that could not be circumvented, giving the House a chance to discharge a committee and put a bill on its passage; and the second method in this rule which you have before you today will absolutely accomplish that purpose. The Republican conference even weakened that first method, because, while they say it shall be unfinished business, they have an innocent little clause in there saying it does not supersede the right to make a preferential motion, when it is up, to go into Committee of the Whole House on the state of the Union to consider appropriation or revenue bills. That weakness even is not in the first method proposed in the rule the Democrats present to you for consideration.

Subsequently he added this reminder:

Now, I would like especially to stress to my friends of the press that 145 does not discharge a committee. The opponents of this rule say that that 145 would permit "unbaked legislation." Such is not the case. The 145 is simply the number necessary to initiate the right for the House itself to vote twice a month as to whether or not it will discharge a committee. To discharge a committee it would be necessary to have a majority of the Membership of the House voting, a quorum being present. As this rule can only come up 2 days in a month, the motion to discharge will have to be on the calendar 7 days, and the Membership of the House will know it, will be here, and, in my judgment, it will always require 200 or more voting in the affirmative to discharge a committee, but it is within the power of the 145 to put the House on record.

And again:

There is one provision that the Republican rule does not affect. The rules which I propose will also deal with this situation: Suppose a committee reports favorably to the House a public bill. It is not privileged, and you cannot get it up for consideration. This rule says you can file against the Rules Committee a special rule, making it in order to consider that bill favorably reported and on the calendar, which the responsible authorities will not allow to come up. It puts it in the power of the House to work its will. It puts it in the power of the minority to work out its program and have the House go on record, and it is the duty of the majority to take that responsibility.

I welcome the minority's program. I hope you will propose one. This rule gives you an opportunity to do so. If it is like your programs in the past, I am quite willing to vote against it, and our majority will vote against it, and yet you can have your record known to the country.

That is all these rules will do. They are democratic. They put it in the power of the majority of this House to carry out its will, whether that majority is made up of Democrats, Progressives, Republicans, or any other party. These rules are made in keeping with the spirit of democracy, in keeping with the spirit of the Constitution of the United States that the majority may rule; and with these rules there can be no hue and cry throughout the land that the House of Representatives is gagged by a triumvirate. [Applause.]

Let me now quote just a brief paragraph from the remarks of Major LaGuardia. He needs no eulogy here; even his political enemies freely confess that it is nothing short of a national calamity that the Nation has been deprived of his services in this Congress, of all Congresses. He stated:

Gentlemen, there is a great deal of misapprehension going through the country as to the discharge rule. I still believe that 100 is the logical number, but it is wrong to send out propaganda that 100 men can control the House. All that this rule does is to give 145 Members of the House power to offset anything that 13 members of a committee now have the power to do. This is all there is to it. In other words, under existing rules, 13 members of a committee may prevent this House from considering a bill, although a majority desires its consideration. This change provides the machinery whereby 145 men can move the 13 members of a committee and bring the bill before the House.

Next to testify was CANNON, in whom this House has learned to recognize a master of parliamentary procedure, and a gentleman of liberal thought as well. Twitting one of his colleagues across the aisle on a belated conversion to the belief in the desirability of, and need for, such a rule, Representative CANNON observed:

"When the devil was sick, the devil a monk would be;  
When the devil was well, the devil a monk was he."

He then added:

\* \* \* the need of some practical method of discharging committees refusing to report meritorious legislation has been the storm center about which parliamentary battles have been waged in practically every adoption of the rules for the last 2 decades.

In the pending resolution we have the solution of the problem. Here at last is a workable rule. Here is a provision under which recalcitrant committees, whether standing committees or committees of conference, may be discharged, and the House afforded an opportunity for the discussion of measures it desires to consider. It is a provision which conforms to every requirement of the ideal rule. It permits the majority to legislate when it desires to legislate. And it safeguards the rights of the minority. These two qualifications constitute the highest test to which a rule may be subjected. The resolution merits the support of Members on both sides of the aisle. It removes the last obstacle to the complete democratization of the rules of the House.

The debate was fittingly closed by the grand old man from Illinois, Judge SABATH, also a member of the Committee on Rules, who said in part:

When I entered the House Uncle Joe Cannon was its Speaker. At that time the rules of the House gave him full power not only to appoint the committees, but also complete power over what we like to point to with pride as the greatest legislative body in the world.

At that time the Speaker was the House; but in 1910, during the Sixty-first session of Congress, with the aid of the press and a few true progressives from Wisconsin, after a most determined fight, which was tantamount to a revolution of procedure, under the leadership of our then leader, Champ Clark, our present Speaker, John N. Garner, the present majority leader, Henry T. Rainey, Claude Kitchin, and Judge Shackelford, of Missouri, we succeeded in amending the rules and in freeing the Membership from the tyrannical rule and dictatorship of the then Speaker.

Today, after 22 years, thanks to the Democratic majority, we again have a chance and an opportunity to liberalize the rules and to relieve the Membership from the extremely restrictive and established rulings which have been in effect the last 10 years of Republican rule.

To me, who continually demanded the liberalization of these rules, it is a great satisfaction that we are about to protect the Members in their rights and privileges so long denied them. For not only was the House often at the mercy of the Speaker but also at the mercy of the conferees and of the various chairmen of the committees.

If the amendment offered by the gentleman from North Carolina will carry—and I know it will—the House can, yes, will secure action and the Members the right to vote on any bill or resolution. No longer will it be possible for the Chairman of the Rules Committee to walk about with pockets full of rules reported by the committee and refusing to call them up. Nor will it be possible for any chairman of any committee to willfully and deliberately refuse to call up a bill reported by that particular committee or to refuse to call a meeting, notwithstanding the fact that the majority of the members of that committee may desire to meet. Nor will the conferees deprive the House of the right to express itself on any proposition in disagreement.

Therefore I must repeat, it is amusing to me to hear some of you gentlemen demand a further liberalization of the rules.

As one who for nearly a quarter of a century has continually demanded such liberalization, I am in full accord with the rules which have been submitted, and I hope that every Member of this House who does believe in such liberalization and in complying with the wishes of the people of the country will vote for the rules as offered by the gentleman from North Carolina. [Applause.]

To the astute gentleman from Michigan, Mr. Michener, I desire to say that, regardless of his able efforts, he will not succeed in deceiving the country in the belief that he and his reactionary colleagues, who for years had it in their power to liberalize the rules, are now being deprived of any opportunity to express not only their views but also to vote upon the amendment, since he must and does know that his side, now the minority, has the right to vote down the previous question, and, although defeated in that, can move to recommit the resolution, and in that way give to him and to every Member of the House the right to vote twice on the subject matter before same can be adopted. Therefore no one is deprived or abridged in his rights under the Democratic majority, as was the case when his, the Republican Party, was in power.

The adoption of this rule, being the first legislative act of this new Congress, clearly demonstrates that the Democrats are ready and desirous not only that the majority should rule but also that the rights of the minority should be protected; and, above all, that we all stand ready and willing to carry out the wishes of the American people. [Applause.]

Mr. Speaker, the rule recommended was adopted. It has served notably in at least two instances during the last Congress. It has had a salutary effect on committee actions which has not appeared in the actual record of happenings. It will be needed in the future, not only as a spur to effective work by the committees in charge of important legislation and to proper recognition by House leaders of demands of sizable minorities but also, perhaps, to rescue legislation.

If and when this proposed amendment of the rule is brought in, it should be fought as determinedly as we know



how. This extension of remarks has been the only available way to present these facts to the House, and it is hoped that there will be ample opportunity to consider them maturely before Members are precipitated into ill-advised decisions, either in a party caucus or upon the floor.

#### ADJOURNMENT

Mr. JONES. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p.m.) the House adjourned until tomorrow, April 12, 1933, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

16. Under clause 2 of rule XXIV, a letter from the Comptroller General of the United States, transmitting a report and recommendation concerning the claim of Korber Realty, Inc., was taken from the Speaker's table and referred to the Committee on Claims.

#### CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4850) granting an increase of pension to Sarah J. Lake; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H.R. 4583) granting a pension to Gertrude S. Sharpe; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McSWAIN: A bill (H.R. 4859) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. ALMON: A bill (H.R. 4860) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. HILL of Alabama: A bill (H.R. 4861) to provide for the common defense; to aid interstate commerce by navigation; to provide flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoal properties; and to encourage agricultural, industrial, and economic development; to the Committee on Military Affairs.

By Mr. SMITH of Washington: A bill (H.R. 4862) to restore the 2-cent rate of postage on first-class mail matter; to the Committee on Ways and Means.

Also, a bill (H.R. 4863) to repeal the tax on checks, drafts, or orders for the payment of money; to the Committee on Ways and Means.

Also, a bill (H.R. 4864) to provide funds for cooperation with the school board at Queets, Wash., in the construction of a public-school building to be available to Indian children of the village of Queets, Jefferson County, Wash.; to the Committee on Indian Affairs.

By Mr. BUCK: A bill (H.R. 4865) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4866) amending the Shipping Act, 1916, as amended, for the purpose of further regulating common carriers by water; to the Committee on Merchant Marine, Radio, and Fisheries.

Also, a bill (H.R. 4867) to authorize the Secretary of the Navy to proceed with the construction of certain public

works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4868) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

Also, a bill (H.R. 4869) to authorize the Secretary of the Navy to proceed with the construction of certain public works, and for other purposes; to the Committee on Naval Affairs.

By Mr. DIES: A bill (H.R. 4870) to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; to the Committee on Interstate and Foreign Commerce.

By Mr. McCORMACK: A bill (H.R. 4871) to amend the Revenue Act of 1932; to the Committee on Ways and Means.

By Mr. BERLIN: A bill (H.R. 4872) authorizing Farris Engineering Co., its successors and assigns, to construct, maintain, and operate a bridge across the Monongahela River at or near California, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. HOEPEL: A bill (H.R. 4873) to provide Government employment for the unemployed; to prevent nepotism and unneeded dual income in families; to the Committee on Expenditures in the Executive Departments.

Also, a bill (H.R. 4874) to indemnify depositors in failed and defunct State and National banks and building and loan companies, associations, or groups, to restore confidence, to increase the purchasing power of the American people, and to protect the American public against wanton losses foreshadowed in foreign-debt negotiations or settlements; to the Committee on Banking and Currency.

By Mr. SMITH of Virginia: A bill (H.R. 4875) to provide for the acquisition of Choppawamsic Island, Va., for the use of the Navy Department; to the Committee on Naval Affairs.

By Mr. CROSSER: A bill (H.R. 4876) to establish a 6-hour day for employees of carriers engaged in interstate and foreign commerce, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GLOVER: a bill (H.R. 4877) to amend section 71 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. GASQUE: A bill (H.R. 4878) to redistrict South Carolina and to divide said districts into divisions, and to amend paragraph 4n, section 1, Judicial Code (U.S.C., title 28, supp. III, 1929), and section 105, Judicial Code (U.S.C., title 28, par. 186, 1925), as amended, and section 105, Judicial Code, as amended (U.S.C., title 28, par. 186a, supp. III, 1929), and for other purposes; to the Committee on the Judiciary.

By Mr. MARTIN of Colorado: A bill (H.R. 4879) increasing cost of public building at Alamosa, Colo.; to the Committee on Public Buildings and Grounds.

By Mr. POLK: A bill (H.R. 4880) to provide Federal aid for the improvement of a portion of United States Highway No. 52 leading to a bridge across the Scioto River at Portsmouth, Ohio, and for other purposes; to the Committee on Roads.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4881) to reduce and adjust the retired pay of World War emergency officers and of commissioned officers of the Army, Navy, Marine Corps, and Coast Guard, and for other purposes; to the Committee on Military Affairs.

By Mr. BRUNNER: A bill (H.R. 4882) to provide emergency relief to homeowners, to refinance home mortgages at lower rates of interest, and for other purposes; to the Committee on Banking and Currency.

By Mr. RANKIN: A bill (H.R. 4883) to improve the navigability and to provide for the flood control of the Tennessee River, to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the agricultural and industrial development of said valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at and



near Muscle Shoals, in the State of Alabama, and for other purposes; to the Committee on Military Affairs.

By Mr. PEYSER: A bill (H.R. 4884) to amend section 3702, Revised Statutes; to the Committee on Claims.

By Mr. McKEOWN (by request): A bill (H.R. 4885) to establish a laboratory for the study of the criminal, dependent, and defective classes; to the Committee on the Judiciary.

By Mr. DUNN: A bill (H.R. 4886) to pension the aged, widows, and others who are physically incapacitated; to the Committee on Labor.

Also, a bill (H.R. 4887) establishing an unemployment fund and providing for contributions thereto by employers and by the United States Government, providing for the management of such fund and for the payment from moneys therein to certain unemployed persons during periods of unemployment, imposing additional duties and powers upon the Department of Labor, imposing duties upon employers, providing penalties, and making an appropriation; to the Committee on Labor.

By Mr. SCRUGHAM: A bill (H.R. 4888) to amend the act entitled "An act for the relief of unemployment through the performance of useful public work, and for other purposes", approved March 31, 1933; to the Committee on Labor.

By Mr. PEAHEY: Resolution (H.Res. 104) authorizing the appointment of a committee, who are members of the Committee on Indian Affairs, to investigate and study the health, education, and social welfare of the Indians of the United States; to the Committee on Rules.

By Mr. KELLY of Pennsylvania: Joint resolution (H.J.Res. 148) authorizing the issuance of a special air mail stamp in memory of the U.S. Navy dirigible *Akron*; to the Committee on the Post Office and Post Roads.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 149) authorizing an annual appropriation for the expenses of participation by the United States in the International Institute of Agriculture at Rome, Italy; to the Committee on Foreign Affairs.

By Mr. KRAMER: Joint resolution (H.J.Res. 150) authorizing the President to present in the name of Congress a Medal of Honor to George Dewey Lyon; to the Committee on Naval Affairs.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

Also, memorial of the Legislature of the State of Wisconsin, memorializing Congress relative to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Agriculture.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN: A bill (H.R. 4889) for the relief of the Dixon Implement Co.; to the Committee on Claims.

By Mr. AYERS of Montana: A bill (H.R. 4890) to authorize the issuance of a patent in fee to Peter Left Hand; to the Committee on Indian Affairs.

Also, a bill (H.R. 4891) to authorize the issuance of a patent in fee to Eugene Long Ears; to the Committee on Indian Affairs.

By Mr. BOEHNE: A bill (H.R. 4892) for the relief of Henry D. Long; to the Committee on Claims.

Also, a bill (H.R. 4893) granting an increase of pension to Eunice T. Brown; to the Committee on Invalid Pensions.

By Mr. CARTER of California: A bill (H.R. 4894) for the relief of Herbert A. Mackey; to the Committee on Claims.

By Mr. CHRISTIANSON: A bill (H.R. 4895) for the relief of Edgar Stivers; to the Committee on the Post Office and Post Roads.

By Mr. CHURCH: A bill (H.R. 4896) granting a pension to Robert Badgley; to the Committee on Pensions.

By Mr. CLARKE of New York: A bill (H.R. 4897) granting a pension to Grace A. Walker; to the Committee on Invalid Pensions.

By Mr. COFFIN: A bill (H.R. 4898) for the relief of Robert Rayl; to the Committee on Indian Affairs.

By Mr. CONNERY: A bill (H.R. 4899) for the relief of Andrew J. Wendling; to the Committee on Military Affairs.

By Mr. EDMONDS: A bill (H.R. 4900) for the relief of Frank Hobson Colsher, Jr.; to the Committee on Naval Affairs.

Also, a bill (H.R. 4901) to authorize Ensign Howard F. Hozey, United States Naval Reserve, to accept certain decorations from the British Government; to the Committee on Naval Affairs.

Also, a bill (H.R. 4902) for the relief of James Hudson Mitchell; to the Committee on Naval Affairs.

By Mr. EVANS: A bill (H.R. 4903) for the relief of the Pasadena Building & Loan Association, of Pasadena, Calif.; to the Committee on Claims.

Also, a bill (H.R. 4904) for the relief of Fred C. Wasserman; to the Committee on Military Affairs.

By Mr. FOCHT: A bill (H.R. 4905) granting a pension to John I. Boyer; to the Committee on Pensions.

By Mr. GUYER: A bill (H.R. 4906) granting a pension to Emma Zane; to the Committee on Invalid Pensions.

Also, a bill (H.R. 4907) for the relief of Samuel W. Carnes; to the Committee on Military Affairs.

Also, a bill (H.R. 4908) granting a pension to Nettie B. Protzman; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H.R. 4909) for the relief of Harriet DeLarm; to the Committee on Military Affairs.

Also, a bill (H.R. 4910) granting a pension to George W. Parker; to the Committee on Pensions.

By Mr. HEALEY: A bill (H.R. 4911) for the relief of James Francis McManus; to the Committee on Naval Affairs.

By Mr. HOEPEL: A bill (H.R. 4912) to repeal pension laws granting exorbitantly high pensions to wealthy widows of nonveterans; to the Committee on Pensions.

By Mr. HOIDALE: A bill (H.R. 4913) for the relief of Pete Jelovac; to the Committee on Claims.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 4914) authorizing the appointment of William J. Schaal, Jr., as a captain, Field Artillery, United States Army; to the Committee on Military Affairs.

By Mr. JONES: A bill (H.R. 4915) for the relief of A. Zapone, disbursing clerk, United States Department of Agriculture; to the Committee on Agriculture.

By Mr. LEWIS of Maryland: A bill (H.R. 4916) for the relief of Virginia Houghton; to the Committee on Claims.

Also, a bill (H.R. 4917) for the relief of Mary V. Spear; to the Committee on Claims.

Also, a bill (H.R. 4918) for the relief of Alice E. Broas; to the Committee on Claims.

By Mr. PARKER of New York: A bill (H.R. 4919) granting an increase of pension to Flora M. Leake; to the Committee on Invalid Pensions.

By Mr. PEAHEY: A bill (H.R. 4920) providing for pensions for the widows and orphans of World War veterans; to the Committee on Pensions.

Also, a bill (H.R. 4921) providing for pension for widows of World War veterans; to the Committee on World War Veterans' Legislation.

By Mr. POLK: A bill (H.R. 4922) for the relief of Lacky N. Hatcher; to the Committee on Military Affairs.

By Mr. SMITH of West Virginia: A bill (H.R. 4923) for the relief of the Ansted National Bank, Ansted, W.Va.; to the Committee on Claims.



By Mr. SMITH of Washington: A bill (H.R. 4924) for the relief of Carl F. Hickman; to the Committee on Military Affairs.

Also, a bill (H.R. 4925) granting a pension to Albert L. McGoffin; to the Committee on Pensions.

Also, a bill (H.R. 4926) for the relief of H. D. Henion, Harry Wolfe, and R. W. McSorley; to the Committee on Claims.

By Mr. TAYLOR of South Carolina: A bill (H.R. 4927) for the relief of C. J. Holliday; to the Committee on Claims.

Also, a bill (H.R. 4928) for the relief of Palmetto Cotton Co.; to the Committee on Claims.

Also, a bill (H.R. 4929) for the relief of J. B. Trotter; to the Committee on Claims.

Also, a bill (H.R. 4930) for the relief of G. T. Fleming; to the Committee on Claims.

By Mr. WEST: A bill (H.R. 4931) granting an increase of pension to Mary G. Copper; to the Committee on Pensions.

Also, a bill (H.R. 4932) for the relief of Judd W. Hulbert; to the Committee on Claims.

By Mr. WHITLEY: A bill (H.R. 4933) for the relief of the Security Trust Co. of Rochester, Rochester, N.Y.; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

445. By Mr. BOYLAN: Resolution adopted by the members of Navy Post, No. 16, of the American Legion, New York City, N.Y., pledging themselves anew to the loyal support of the President of the United States and the principles for which he stands; to the Committee on Naval Affairs.

446. By Mr. CARTER of California: Senate Joint Resolution No. 16 of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States; to the Committee on Irrigation and Reclamation.

447. By Mr. CONNERY: Resolution of the Commonwealth of Massachusetts, condemning the persecution of members of the Jewish faith in Germany; to the Committee on Foreign Affairs.

448. By Mr. CULLEN: Petition of Irish-American Independent Political Unit, Inc., Unit 6, at a regular meeting in Brooklyn, N.Y., on April 5, declaring themselves firmly opposed to the suggested adherence of the United States to the so-called "World Court" or "Permanent Court of International Justice", or kindred creations, and likewise opposing the suggested appointment of the United States to do what the World Court or League fails, refuses, or is afraid to do in the Japanese situation or any crisis; to the Committee on Foreign Affairs.

449. Also, petition of the State of New York, memorializing Congress to enact legislation whereby the Postmaster General would be authorized and directed to issue a special series of postage stamps of the denomination of 3 cents, of such design and for such period as may be determined, in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

450. By Mr. DELANEY: Petition of the Senate of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal United States of America flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

451. By Mr. DISNEY: Resolution of the House of Representatives of the Fourteenth Legislature of the State of Oklahoma, memorializing the President of the United States and the Congress to create a Cermak memorial, making appropriation for its operation, and defining the construc-

tion of the same, providing for the handling of the same, naming the agencies through which it shall be carried on, and providing its work; to the Committee on the Library.

452. By Mr. ENGLEBRIGHT: Petition of A. S. Fleming, clerk, Placer County Board of Supervisors, Auburn, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

453. Also, petition of Arthur J. Koletzke, clerk, Eldorado County Board of Supervisors, Placerville, Calif., endorsing California State Legislature Joint Resolution No. 17, relating to mining; to the Committee on Mines and Mining.

454. By Mr. FITZGIBBONS: Resolution adopted by the Silk Association of America, Inc., favoring legislation to forbid the employment of any person in industry for more than 30 hours in 1 week; to the Committee on Labor.

455. By Mr. GIBSON: Petition of Vergennes Post, No. 14, American Legion, protesting removal of regional office of the Veterans' Administration at Burlington, Vt.; to the Committee on World War Veterans' Legislation.

456. By Mr. HOPE: Petition of Elizabeth Witman and 136 other citizens of Hodgeman County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

457. Also, petition of Barbara Birzer and 109 other citizens of Barton County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

458. Also, petition of Ray Henry and 21 other citizens of Stafford County, Kans., urging the enactment of the Frazier bill, providing for governmental refinancing of distressed farm indebtedness; to the Committee on Agriculture.

459. By Mr. JOHNSON of Minnesota: Resolution by American Legion Post No. 43, Faribault, Minn., favoring the abolition of the position of first- and second-class postmasters as an act of economy; to the Committee on the Post Office and Post Roads.

460. Also, a resolution by the American Legion Bearcat Post of Minneapolis, to increase postal rates on newspapers, magazines, and periodicals; to the Committee on Ways and Means.

461. Also, petition of Chokio Shipping Association, of Chokio, Minn., favoring refinancing of farm mortgages at 3 percent; to the Committee on Banking and Currency.

462. Also, resolution by the Bearcat Post, American Legion, of Minneapolis, Minn., urging an investigation of certain companies receiving aid under the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

463. Also, resolution by the Yellow Medicine County (Minn.) Farm Bureau organization, favoring a rate of interest on refinanced farm mortgages at no more than 4 percent; to the Committee on Banking and Currency.

464. By Mr. KELLER: Resolution of Lodge 470, Brotherhood of Locomotive Firemen and Enginemen, Murphysboro, Ill., protesting reductions in appropriations for locomotive inspection; to the Committee on Labor.

465. Also, petition in the nature of Senate Joint Resolution No. 14 of the State of Illinois, favoring refinancing of home and farm mortgages; to the Committee on Banking and Currency.

466. Also, petition regarding House bill 4336, by Representative BEAM; to the Committee on Ways and Means.

467. By Mr. KVALE: Petition of Faribault (Minn.) American Legion Post No. 43, advocating the abolishment of position of postmaster in first- and second-class offices; to the Committee on the Post Office and Post Roads.

468. Also, petition of Chokio Livestock Shipping Association, Chokio, Minn., urging enactment of refinancing legislation at a low interest rate; to the Committee on Banking and Currency.

469. By Mr. LINDSAY: Petition of Cohen, Goldman & Co., Inc., clothing manufacturers, New York City, opposing the



30-hour week bill and favoring an amended bill for 36 hours a week; to the Committee on Labor.

470. Also, petition of the Jacobs Bros. Co., Inc., manufacturers of scales and store equipment, Brooklyn, N.Y., opposing the Black 6-hour day 5-day week bill; to the Committee on Labor.

471. Also, petition of International Photo-Engravers' Union of North America, New York City, approving the Black-Connelly bill, but amended so as to include newspapers and periodicals and products of foreign manufacture in their provisions; to the Committee on Labor.

472. Also, petition of Atlantic Terra Cotta Co., New York City, favoring President Roosevelt's public-works program; to the Committee on Labor.

473. Also, petition of Towns & James, Inc., wholesale druggists, Brooklyn, N.Y., opposing House bill 4557; to the Committee on Labor.

474. Also, petition of National Association of American Worker's Association, North Tonawanda, N.Y., favoring the passage of the Black bill; to the Committee on Labor.

475. Also, petition of William F. Hagens, of Brooklyn, N.Y., favoring the 6-hour day 5-day week bill, if amended to include workers in the newspaper and periodical trades; to the Committee on Labor.

476. By Mr. MOTT: Petition of the Legislature of the State of Oregon, urging Congress to make immediate and adequate provision for the improvement of the Columbia-Snake River waterways for navigation; to the Committee on Rivers and Harbors.

477. By Mr. O'CONNOR: Resolution of the Legislature of the State of New York, memorializing Congress to forbid, by appropriate laws, the sale in this country of the universal American flag and/or all special United States of America flags and/or the flags of the various States, dependencies, or Territories manufactured abroad; to the Committee on Labor.

478. Also, resolution of the Legislature of the State of New York, memorializing the Congress to enact legislation directing the Postmaster General to issue special series of stamps in commemoration of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment of Thaddeus Kosciuszko as brevet brigadier general of the Continental Army on October 13, 1783; to the Committee on the Post Office and Post Roads.

479. By Mr. PARKS: Petition protesting against the Black bill; to the Committee on Labor.

480. By Mr. REID of Illinois: Petition of Board of Supervisors of Du Page County, Ill., certified by county clerk, endorsing and urging the passage of the 6-hour 5-day week bill; to the Committee on Labor.

481. By Mr. RUDD: Petition of International Photo-Engravers' Union of North America, New York City, favoring the Black-Connelly bills, S. 158 and H.R. 4557, but amended so as to include newspapers and periodicals and the products of foreign manufacture in their provisions; to the Committee on Labor.

482. Also, petition of Atlantic Terra Cotta Co., New York City, favoring the President's public-works program; to the Committee on Labor.

483. Also, petition of Great Lakes Dredge & Dock Co., New York City, favoring the passage of House bill 3348; to the Committee on Merchant Marine, Radio, and Fisheries.

484. By Mr. WATSON: Resolutions adopted by the American Legion, Department of Pennsylvania, requesting the Federal Government to insert in all contracts for Government work certain requirements; to the Committee on Public Buildings and Grounds.

485. By Mr. WELCH: Senate Joint Resolution No. 11 of California State Legislature, proposing issuance of postage stamps in honor of the California citrus industry; to the Committee on the Post Office and Post Roads.

486. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to promptly enact the administration farm relief bill; to the Committee on Agriculture.

487. Also, memorial of the Legislature of the State of Wisconsin, memorializing the Congress of the United States to provide machinery for the loaning of money to needy financial institutions; to the Committee on Banking and Currency.

488. Also, memorial of the Legislature of the State of Wisconsin, relating to reforestation in Wisconsin and other Lake States, as a part of the President's emergency program for providing employment; to the Committee on Labor.

489. By the SPEAKER: Petition of Eduarda K. Baltuff (Harris), favoring a congressional investigation of the Zev conspiracy; to the Committee on the Judiciary.

## SENATE

WEDNESDAY, APRIL 12, 1933

(Legislative day of Tuesday, Apr. 11, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Mr. HARRISON. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Reynolds
Ashurst	Costigan	Keyes	Robinson, Ark.
Austin	Couzens	La Follette	Robinson, Ind.
Bachman	Cutting	Lewis	Russell
Bailey	Dickinson	Logan	Schall
Bankhead	Dieterich	Loneragan	Sheppard
Barbour	Dill	Long	Shipstead
Barkley	Duffy	McAdoo	Smith
Black	Erickson	McCarran	Stelwer
Bone	Fess	McGill	Stephens
Borah	Fletcher	McKellar	Thomas, Okla.
Bratton	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Townsend
Bulkley	Glass	Murphy	Trammell
Bulow	Goldsborough	Neely	Tydings
Byrd	Gore	Norbeck	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	Overton	Walcott
Carey	Hatfield	Patterson	Walsh
Clark	Hayden	Pittman	Wheeler
Connally	Johnson	Pope	White
Coolidge	Kean	Reed	

Mr. THOMAS of Utah. My colleague the senior Senator from Utah [Mr. KING] is not with us this morning because of a great sadness which has come into his life. I wish this announcement to stand for the day.

Mr. REED. I desire to announce that my colleague [Mr. DAVIS] is necessarily absent on account of illness.

Mr. FESS. I wish to announce that the Senator from Rhode Island [Mr. HEBERT] and the Senator from Vermont [Mr. DALE] are necessarily detained from the Senate.

The VICE PRESIDENT. Ninety-one Senators having answered to their names, a quorum is present.

### REPORT OF THE NEAR EAST RELIEF

The VICE PRESIDENT laid before the Senate a letter from the executive secretary of the Near East Relief, submitting, pursuant to law, the report of the Near East Relief for the year ended December 31, 1932, which, with the accompanying report, was referred to the Committee on Printing.

### FUNCTIONS OF THE OFFICE OF PUBLIC BUILDINGS AND PARKS AND ALLIED COMMISSIONS (S.DOC. NO. 22)

The VICE PRESIDENT laid before the Senate a letter from the Director of Public Buildings and Public Parks of the National Capital, reporting, pursuant to Senate Resolution 351, Seventy-second Congress, relative to the various functions, personnel, etc., of the Office of Public Buildings and Public Parks of the National Capital, the Public Buildings Commission, the Arlington Memorial Bridge Commission, and the National Capital Park and Planning Commission, which, with the accompanying papers, was ordered to lie on the table and to be printed.

### PETITIONS AND MEMORIALS

Mr. KEAN presented a resolution adopted by the Most Worshipful Oriental Grand Lodge of Ancient Free and